



# REGAL REIT 富豪產業信託

Regal Real Estate Investment Trust

(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))  
(Stock Code : 1881)



2025  
ANNUAL REPORT

Managed by



富豪資產管理有限公司  
Regal Portfolio  
Management Limited



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## CORPORATE INFORMATION

### MANAGER OF REGAL REIT

Regal Portfolio Management Limited (the "REIT Manager")  
Unit No. 2001, 20th Floor,  
68 Yee Wo Street,  
Causeway Bay,  
Hong Kong.  
Tel: 2805-6336  
Fax: 2577-8686  
Email: info@regalreit.com

### BOARD OF DIRECTORS OF THE REIT MANAGER

#### *Non-executive Directors*

Lo Yuk Sui (Chairman)  
Lo Po Man (Vice Chairman)  
Jimmy Lo Chun To  
Kenneth Ng Kwai Kai

#### *Executive Directors*

Johnny Chen Sing Hung  
Simon Lam Man Lim

#### *Independent Non-executive Directors*

Kai Ole Ringenson  
Bowen Joseph Leung Po Wing, GBS, JP  
Abraham Shek Lai Him, GBS, JP

### AUDIT COMMITTEE OF THE REIT MANAGER

Kai Ole Ringenson (Chairman)  
Bowen Joseph Leung Po Wing, GBS, JP  
Abraham Shek Lai Him, GBS, JP  
Kenneth Ng Kwai Kai

### DISCLOSURE COMMITTEE OF THE REIT MANAGER

Kai Ole Ringenson (Chairman)  
Johnny Chen Sing Hung  
Simon Lam Man Lim  
Kenneth Ng Kwai Kai

### NOMINATION COMMITTEE OF THE REIT MANAGER

Lo Yuk Sui (Chairman)  
Lo Po Man  
Kai Ole Ringenson  
Bowen Joseph Leung Po Wing, GBS, JP  
Abraham Shek Lai Him, GBS, JP

### RESPONSIBLE OFFICERS OF THE REIT MANAGER

Johnny Chen Sing Hung  
Simon Lam Man Lim  
Peony Choi Ka Ka

### SECRETARY OF THE REIT MANAGER

Peony Choi Ka Ka

### TRUSTEE OF REGAL REIT

DB Trustees (Hong Kong) Limited (the "Trustee")

### AUDITOR

Ernst & Young  
Registered Public Interest Entity Auditor under the  
Accounting and Financial Reporting Council Ordinance

### PRINCIPAL VALUER

Knight Frank Petty Limited

### PRINCIPAL BANKERS

Bank of Communications (Hong Kong) Limited  
The Bank of East Asia, Limited  
Cathay United Bank Company, Limited, Hong Kong Branch  
China Construction Bank (Asia) Corporation Limited  
Chong Hing Bank Limited  
Hang Seng Bank Limited  
Hua Xia Bank Co., Limited Hong Kong Branch  
Industrial and Commercial Bank of China (Asia) Limited  
Oversea-Chinese Banking Corporation Limited,  
Hong Kong Branch  
United Overseas Bank Limited

### LEGAL ADVISER

Baker & McKenzie

### UNIT REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor,  
Hopewell Centre,  
183 Queen's Road East,  
Wan Chai,  
Hong Kong.

### WEBSITE

[www.RegalREIT.com](http://www.RegalREIT.com)



### Dear Unitholders,

I have pleasure to present, on behalf of the Board of Directors of Regal Portfolio Management Limited as the REIT Manager, the 2025 Annual Report of Regal Real Estate Investment Trust.

### FINANCIAL RESULTS

For the year ended 31st December, 2025, Regal REIT recorded a consolidated loss before distributions to Unitholders of HK\$171.9 million, as compared to a loss of HK\$204.4 million in the preceding year. The loss recorded for the year under review included a fair value loss of HK\$188.5 million arising from the changes in the appraised values of Regal REIT's investment property portfolio, after accounting for the additional capital expenditures incurred, while for the comparative year in 2024, a fair value loss of HK\$128.8 million was recorded. If the effects of these fair value changes are excluded, there would be a core operating profit of HK\$16.6 million reported for 2025, as compared to a loss of HK\$75.6 million in 2024. The core operating profit achieved was mainly attributable to the decrease in the financial expenses incurred, which has been reduced to HK\$508.4 million (2024 – HK\$640.4 million), as the Hong Kong Interbank Offered Rates (HIBOR), on which the borrowing costs of a majority part of Regal REIT's bank loans are based, had gradually softened during the year.

Total distributable income for the year under review amounted to HK\$29.1 million, reversing from an adjusted loss of HK\$90.6 million reported in 2024. The Board of Directors of the REIT Manager has resolved to declare a final distribution of HK\$0.0088 per Unit for the year ended 31st December, 2025 (2024 – Nil), which represents a payout ratio of 98.49% of the total distributable income for 2025.

## HOTEL MARKET AND BUSINESS REVIEW

Based on a recent research by the World Bank Group, the global economy has shown notable resilience to heightened trade tensions and policy uncertainty, with global growth estimated to have averaged 2.7% in 2025.

Despite of the complex changes in the domestic and global economic environments, the Gross Domestic Product (GDP) for China in 2025 increased by 5.0% over the previous year at constant prices, with its national economy successfully pushed forward by innovation-led and high-quality development. Hong Kong's economy recorded a growth of 3.5% in 2025, which was above the high-end forecast of 3.0% made by the Hong Kong Government in August 2025.

In 2025, Hong Kong welcomed about 49.9 million visitors, representing a year-on-year increase of 12.1%. While visitors from Chinese Mainland remained predominantly the single largest market segment, encouraging growth was seen in the number of visitors from most other short haul as well as the long haul markets. Although the number of total visitor arrivals in 2025 was still behind the historical peak recorded in 2018, the recovery trend of Hong Kong's tourist industry is obvious and solid. According to the Hong Kong Tourism Board ("HKTB"), overnight visitors accounted for 46.5% of all visitors in 2025, with an average length of stay of 3.1 nights in Hong Kong.

Based on the hotel survey published by the HKTB, the average hotel occupancy rate for all the surveyed hotels in different categories in 2025 was 87.0%, an increase of 2.0 percentage points from 2024, but the industry-wide average room rate had contracted by 5.2%, with the average Revenue per Available Room (RevPAR) having overall decreased by 2.9% year-on-year.

As one of the major local hotel owners, Regal REIT presently owns a portfolio of nine operating hotels in Hong Kong, comprising five hotels under the full-service Regal brand (the "Initial Hotels") and four hotels under the select-service iclub brand, commanding total room count of over 4,900 rooms. These hotels are all strategically positioned to cater to different market demands from a wide range of business and leisure customers.

Other than the iclub Wan Chai Hotel which is self-operated by Regal REIT, all the five Initial Hotels and the other three iclub Hotels are leased to a wholly-owned subsidiary of Regal Hotels International Holdings Limited, the immediate listed holding company of Regal REIT, for hotel operations.

Despite the strong increase in tourist arrivals, hotel operators in Hong Kong were still faced with challenges from the changed spending habits of the incoming visitors, a strong Hong Kong dollar, the cross-border consumption pattern as well as the increase of frontline staff costs. Nevertheless, the hotel properties owned by Regal REIT were able to manage the market transformation and achieved satisfactory increase in their overall net property income ("NPI") during the year under review.

In accordance with the terms of the 2025 market rental packages, the Initial Hotels generated aggregate base rent of HK\$550.0 million. The market rental review for the Initial Hotels for 2026 was completed in September 2025 and their aggregate annual base rent determined to be HK\$553.0 million, which is about 0.5% above the aggregate base rent for 2025. The variable rent will continue to be based on 50% sharing of the excess of their aggregate NPI over the aggregate base rent.

The iclub Wan Chai Hotel was the first iclub hotel in Hong Kong and has been self-operated by Regal REIT since 2011. Business operations at this hotel continued to perform steadily and generated a modest gross operating profit during the year.

The other three iclub Hotels, namely, the iclub Sheung Wan Hotel, the iclub Fortress Hotel and the iclub To Kwa Wan Hotel, also achieved satisfactory performance during the year and generated total rental receipts of HK\$123.0 million for 2025.

Based on the market rental reviews determined by the independent property valuer under the terms of the leases, the aggregate base rent for these three iclub Hotels for 2026 was determined to be HK\$126.0 million, which was about 2.4% above the aggregate base rent in 2025, with variable rent continuing to be based on 50% sharing of the excess of the NPI over the base rent of the respective hotels.

In December 2025, Regal REIT entered into a binding letter of intent and, subsequently in March 2026, a second supplemental lease agreement with the Airport Authority Hong Kong, pursuant to which the Sub-Lease for the Regal Airport Hotel has been formally extended for a further term of three years from 31st December, 2028 to 30th December, 2031. Further details on the terms for the extension of this sub-lease were contained in the announcement of Regal REIT dated 12th December, 2025.

The REIT Manager conducts regular holistic review of the properties owned by Regal REIT, having regard to their income generation capabilities, future capital requirements, prevailing market conditions as well as Regal REIT's overall portfolio strategy. Aligning with Regal REIT's objective of delivering long-term stable returns through disciplined capital management, asset recycling and selective reinvestments, Regal REIT has most recently entered into a legally binding preliminary agreement in March 2026 with an independent third party for the sale of its entire equity interests in an intermediate holding company of the company that directly holds the Regal Oriental Hotel in Kowloon City, based on an agreed property value of HK\$1,518.0 million for the hotel property. Unitholders can refer to the announcement published by Regal REIT on 22nd March, 2026 for the full details of this sale transaction.

More details on the hotel properties owned by Regal REIT, including their detailed lease terms and their 2025 operating data, are contained in the Report of the REIT Manager in this Annual Report 2025.

## BUSINESS OUTLOOK

According to the World Bank Group research, global growth is forecast to edge down to 2.6% in 2026, driven by a notable slowdown in demand for traded goods and softening domestic demand in many major economies. Under the uncertainty of the United States trade policies and the heightened geopolitical tensions, particularly now in the Middle East region which is impacting the global energy ecosystem, there is still a high level of uncertainties in the global economic outlook. However, Hong Kong had registered a robust GDP growth of 3.5% in 2025 and it is anticipated that it will be able to maintain a steady growth trend in 2026.

To ensure the continuing success in the holding of mega events, the HKTB has been actively collaborating with different organisers and sponsors to stage a line-up of world-class mega events, festivities, international conferences and exhibitions year-round. This is expected to generate substantial economic benefits to different market sectors of the tourist industry in Hong Kong, including hotel, meeting and exhibition venues, retail as well as food and beverage and catering businesses.

2026 marks the first year of China's 15th Five-Year Plan and the development of the Guangdong-Hong Kong-Macao Greater Bay Area ("GBA") will enter a period of full acceleration. With the support of the Central Government, the economy of Hong Kong should be able to further expand through its deepened integration with the GBA and the development of its new growth drivers in the innovation and technology sectors.

The 1-month HIBOR has further softened to the range of 2.0% to 2.5% per annum recently. If HIBOR continues to hover around this relatively lower level in the remaining part of this year, we could expect the distributable income of Regal REIT to further increase in 2026, due to the anticipated reduction in its financial expenses.

The REIT Manager will continue to watch out for appropriate assets repositioning and enhancement opportunities, with a view to securing for the Unitholders a stable return in the long term.

Finally, I would also like to express my appreciation and gratitude to my other fellow Directors, all the staff members as well as all the Unitholders for their continued support during the past year.

**Lo Yuk Sui**

*Chairman*

**Regal Portfolio Management Limited**

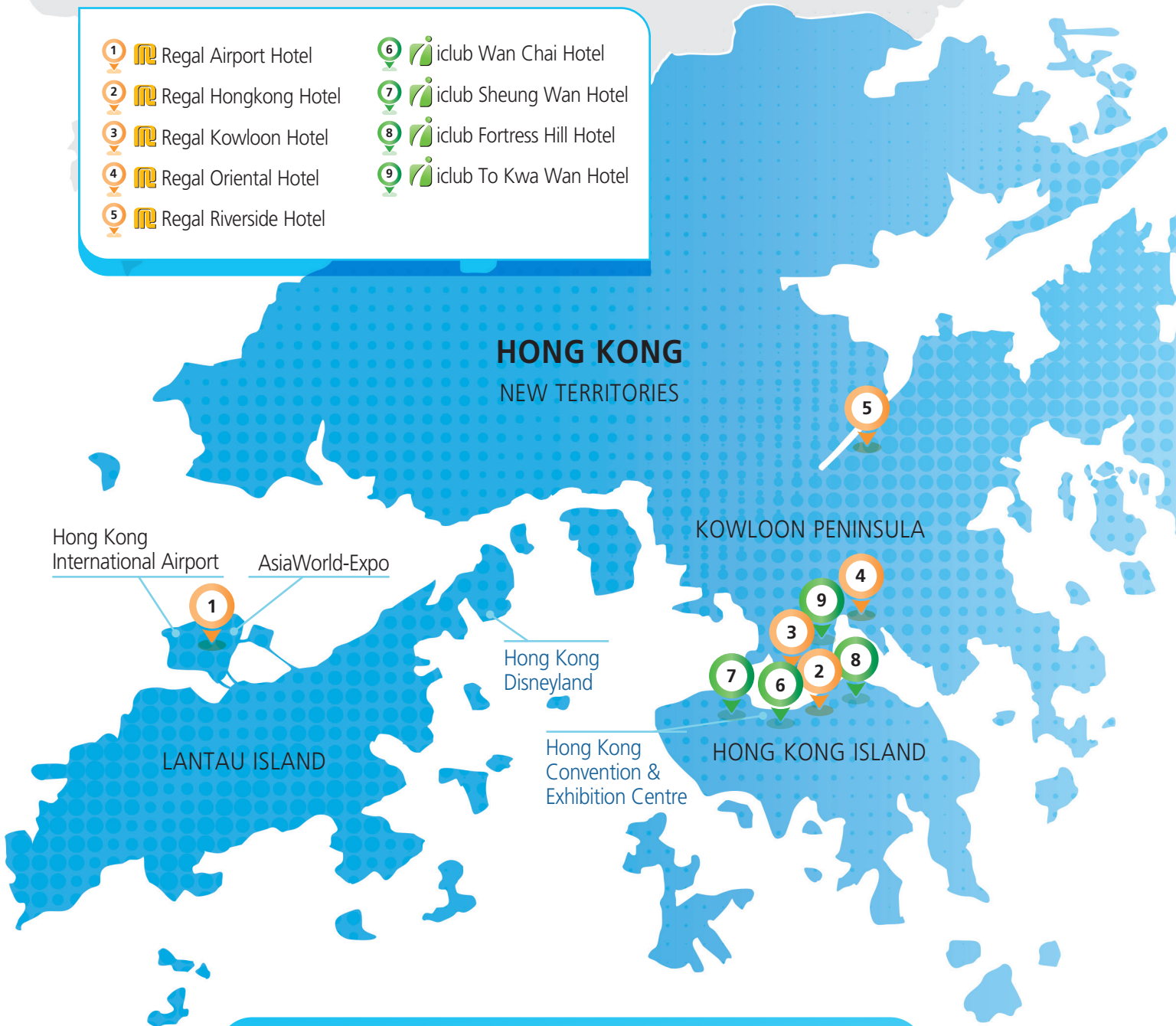
(as the REIT Manager of Regal REIT)

Hong Kong, 30th March, 2026


# PROPERTY PORTFOLIO

Location of the Hotel Properties in Hong Kong

- |   |   |
|---|---|
| 1  Regal Airport Hotel   | 6  iclub Wan Chai Hotel      |
| 2  Regal Hongkong Hotel  | 7  iclub Sheung Wan Hotel    |
| 3  Regal Kowloon Hotel   | 8  iclub Fortress Hill Hotel |
| 4  Regal Oriental Hotel  | 9  iclub To Kwa Wan Hotel    |
| 5  Regal Riverside Hotel |   |



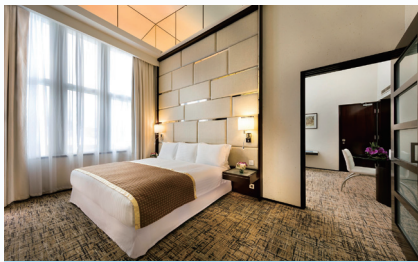
## Key to Hotel Facility Icons

- |  |   |   |   |
|--|---|---|---|
|  Room Count                         |  Gross Floor Area (sq. m.) |  Ballroom        |  Swimming Pool |
|  Opening Year                       |  Restaurant                |  Meeting Room    |  Spa           |
|  Approx. Covered Floor Area (sq.m.) |  Bar / Lounge              |  Business Centre |  Club Lounge   |

# REGAL AIRPORT HOTEL



Regal Ballroom



Royal Suite





Café Aficionado

9 Cheong Tat Road,  
Hong Kong International Airport,  
Chek Lap Kok, Hong Kong.  
Tel: (852) 2286 8888  
Fax: (852) 2286 8686  
Email: [info@airport.regalhotel.com](mailto:info@airport.regalhotel.com)  
Website: [airport.regalhotel.com](http://airport.regalhotel.com)

- The only hotel connected directly to the airport passenger terminals
- Close to the Hong Kong-Zhuhai-Macao Bridge
- State-of-the-art meeting and conference venues of approximately 3,300 sq. m. with a built-in giant high-definition LED wall (9m x 4m) and 3D Projection Mapping Technology
- Easy access to AsiaWorld-Expo, Hong Kong Disneyland and The Big Buddha

- 🏆 Platinum Benchmarking Certification by EarthCheck (2024-2025)
- 🏆 Crescent Rating of 3 by CrescentRating (2024-2025)
- 🏆 Travel Hall of Fame Award by TTG Asia Media Pte Ltd. (2015-2018 & 2023-2024)
- 🏆 Travel Excellence Awards by TripZilla - Business Star Award (2024)
- 🏆 MASTERCHEF Recommendation Restaurant - Rouge (2020-2024)
- 🏆 World's Best Airport Hotel by Business Traveller UK Magazine (2008-2019 & 2023)
- 🏆 Best Airport Hotel Asia Pacific by Travel Weekly Asia (2017-2019 & 2023)
- 🏆 Recommended on Restaurant GURU - Rouge (2023)
- 🏆 Best Airport Hotel in Asia-Pacific by Business Traveller Asia-Pacific Magazine for 17 consecutive years (2001-2017)

 1,171	 1,050 sq. m.
 1999	 27
 83,400 sq. m.	 1
 71,988 sq. m.	 2
 4	 1
 1	 1

# REGAL HONGKONG HOTEL



Regal Palace














Regal Ballroom



Executive Club Superior Room

88 Yee Wo Street,  
Causeway Bay, Hong Kong.  
Tel: (852) 2890 6633  
Fax: (852) 2881 0777  
Email: info@hongkong.regalhotel.com  
Website: hongkong.regalhotel.com

- Located in the heart of Causeway Bay, one of the popular shopping and commercial districts in Hong Kong
- Within walking distance from Victoria Park, Hong Kong Stadium and Happy Valley Racecourse where exciting horse races are staged regularly
- Convenient location to the Hong Kong Convention and Exhibition Centre
- Regal Ballroom and The Forum (meeting and conference centre) provide a full range of facilities catering to the needs of business travellers, meeting and exhibition delegates
- Executive Club Floor features a collection of 81 tastefully appointed guestrooms and suites with a private lounge

 481	 239 sq. m.
 1993	 14
 32,000 sq. m.	 1
 25,090 sq. m.	 1
 3	 1
 1	

- 🏆 Crescent Rating of 3 by CrescentRating (2024-2025)
- 🏆 Top Producing Hotel by Trip.com Group (2022 & 2025)
- 🏆 HACCP Certification by SGS Hong Kong (2022-2025)
- 🏆 Platinum Benchmarking Certificate by EarthCheck (2024)
- 🏆 Caring Company 10 Years+ Award by The Hong Kong Council of Social Service (2008-2024)
- 🏆 Gold Circle Award by Agoda (2024)
- 🏆 Strategic Partnership Excellence by Trip.com Group (2024)
- 🏆 Bespoke Bridal Award - Bespoke Choice Wedding Venue (2023-2024)
- 🏆 MASTERCHEF Recommendation Restaurant - Regal Palace (2020-2024)
- 🏆 Engagement Success Award by Trip.com Group (2023)
- 🏆 Travellers' Choice Award by Tripadvisor (2020-2023)
- 🏆 QTS Quality Merchant (15 Consecutive Years) by Hong Kong Tourism Board - Regal Palace (2023)

# REGAL KOWLOON HOTEL



V bar & lounge




Executive Club Room



Versailles Ballroom

71 Mody Road, Tsimshatsui,  
Kowloon, Hong Kong.  
Tel: (852) 2722 1818  
Fax: (852) 2369 6950  
Email: info@kowloon.regalhotel.com  
Website: kowloon.regalhotel.com

- Conveniently located in Tsim Sha Tsui East, a commercial and tourist district
- Within walking distance from the Tsim Sha Tsui ("TST"), East TST and Hung Hom MTR stations, 10-minute drive to the Hong Kong West Kowloon Station - the terminus of High Speed Rail (Hong Kong Section) with easy access to other cities of Chinese Mainland
- Close to TST's waterfront with promenade, major shopping centres and entertainment areas
- Nearby popular tourist attractions including K11 Musea, Hong Kong Science Museum, Hong Kong Space Museum, Hong Kong Museum of Art, Hong Kong Cultural Centre, Clock Tower and the Star Ferry, etc.

	600		1
	1982		353 sq. m.
	43,500 sq. m.		12
	31,746 sq. m.		1
	3		1

- 🏆 Crescent Rating of 3 by CrescentRating (2024-2025)
- 🏆 HACCP Certification by SGS Hong Kong (2022-2025)
- 🏆 Platinum Benchmarking Certificate by EarthCheck (2024)
- 🏆 Caring Company Award by The Hong Kong Council of Social Service (2018-2024)
- 🏆 Travel Excellence Awards by TripZilla - Business Star Award (2024)
- 🏆 QTS Quality Merchant (15 Consecutive Years) by Hong Kong Tourism Board - Mezzo (2023) & Café Allegro (2024)
- 🏆 MASTERCHEF Recommendation Restaurant - Regal Court (2019-2024) & Mezzo (2021-2024)
- 🏆 Travellers' Choice Award by Tripadvisor (2021-2023)
- 🏆 Bespoke Bridal Award - Bespoke Choice Wedding Venue (2023)
- 🏆 Restaurant GURU - Certificate of Excellence - Mezzo (2023) & Café Allegro (2023)
- 🏆 Loved by Guests Award by Hotels.com (2020)

# REGAL ORIENTAL HOTEL



Presidential Suite



The China Coast Pub+Restaurant



Communal Lounge

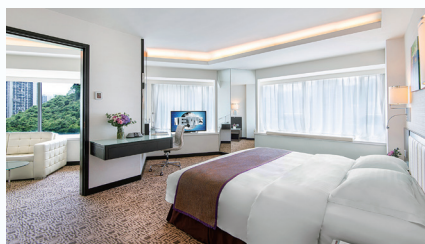
30-38 Sa Po Road, Kowloon City,  
Kowloon, Hong Kong.  
Tel: (852) 2718 0333  
Fax: (852) 2718 4111  
Email: [info@oriental.regalhotel.com](mailto:info@oriental.regalhotel.com)  
Website: [oriental.regalhotel.com](http://oriental.regalhotel.com)

- Located in the heart of Hong Kong's heritage district, Kowloon City, neighboring the Kai Tak Development Area including the world-class Kai Tak Cruise Terminal and Kai Tak Sports Park
- Vicinity to historic landmarks such as Wong Tai Sin Temple and Chi Lin Nunnery
- 5-minute walking distance to Sung Wong Toi MTR station of the Tuen Ma Line, with easy inter-change to Mong Kok and other business and shopping districts
- Spacious and quiet rooms set up with 1 King, 2 Queen or up to 4 single beds are offered to cater for different needs. Facilities include private lounge and gymnasium in a compact and cozy environment

 494	 1
 1982	 345 sq. m.
 27,300 sq. m.	 7
 22,601 sq. m.	
 1	

- 🏆 Platinum Benchmarking Certificate by EarthCheck (2024-2025)
- 🏆 Certificate of Appreciation for Earth Hour from WWF (2024)
- 🏆 Halal Certificate by The Incorporated Trustees of The Islamic Community Fund of Hong Kong (2013-2022)
- 🏆 Trusted Cleanliness Badge by TrustYou (2021)
- 🏆 Indoor Air Quality Certificate - Excellent Class by Environmental Protection Department (2014-2019)

# REGAL RIVERSIDE HOTEL



Executive Suite







L'eau Restaurant



Riverside Ballroom

34-36 Tai Chung Kiu Road, Shatin,  
New Territories, Hong Kong.  
Tel: (852) 2649 7878  
Fax: (852) 2637 4748  
Email: [info@riverside.regalhotel.com](mailto:info@riverside.regalhotel.com)  
Website: [riverside.regalhotel.com](http://riverside.regalhotel.com)

- The largest hotel in Shatin overlooking the Shing Mun River
- Easy access to Hong Kong Island, Kowloon and the Chinese Mainland border
- Within walking proximity to Shatin New Town Plaza, a mega shopping complex featuring over 350 shops and restaurants
- Close to Sha Tin Racecourse, Hong Kong Science & Technology Parks, The Chinese University of Hong Kong and the Ten Thousand Buddhas Monastery
- Executive Club Lounge provides comprehensive facilities that bring a truly comfortable and convenient stay

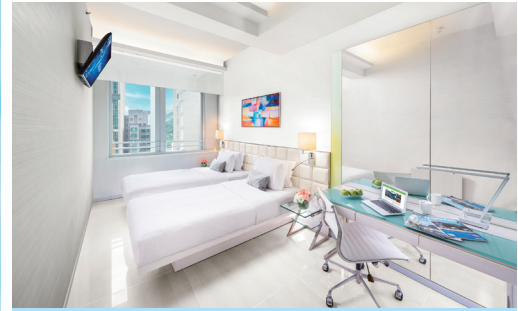
	1,147		549 sq. m.
	1986		9
	69,100 sq. m.		1
	59,668 sq. m.		1
	5		1
	1		1

- 🏆 ISO22000:2018 Accreditation on Food Safety Management System by SGS Hong Kong (2024-2026)
- 🏆 Halal Certificate by The Incorporated Trustees of The Islamic Community Fund of Hong Kong (2024-2026)
- 🏆 Platinum Benchmarking Certificate by EarthCheck (2024-2025)
- 🏆 Butterfly Garden Certification by Environmental Association (2025)
- 🏆 Certificate of Appreciation for Earth Hour from WWF (2024-2025)
- 🏆 Popular Hotel of the Year by Meituan Hotel (2022-2025)
- 🏆 Breakthrough Achievement Award by Alibaba Fliggy Travel (2025)
- 🏆 Top Production Hotel by Trip.com Group (2025)
- 🏆 Excellence in Performance Award by Dida Travel (2025)
- 🏆 MASTERCHEF Recommendation Restaurant - Regal Terrace (2023-2025)
- 🏆 EatSmart Recipe Competition Champion for "More Fruit and Vegetables" - Regal Terrace (2025)
- 🏆 Certificate of Appreciation for signing the Carbon Neutrality (Waste Reduction) Charter from Environmental Protection Department (2024)
- 🏆 Gold Circle Award by Agoda (2024)
- 🏆 Crescent Rating of 3 by CrescentRating (2024)
- 🏆 Popular Family-Friendly Hotel of the Year by Meituan Hotel (2024)
- 🏆 U Favourite Food Awards - My Favourite Buffet Restaurant - L'Eau (2023)
- 🏆 Outstanding QTS Merchant Silver Award by Hong Kong Tourism Board - L'Eau (2022)

# iclub WAN CHAI HOTEL



iSuite Premier



iPlus Premier



iLounge

211 Johnston Road,  
Wan Chai, Hong Kong.  
Tel: (852) 3963 6000  
Fax: (852) 3963 6022  
Email: [info@wanchai.iclub-hotels.com](mailto:info@wanchai.iclub-hotels.com)  
Website: [wanchai.iclub-hotels.com](http://wanchai.iclub-hotels.com)

- 99 chic and trendy guestrooms and suites with interactive services and innovative facilities
- Convenient location within walking distance to Wan Chai MTR station and Hong Kong Convention and Exhibition Centre
- Centrally located on Hong Kong Island - 2 MTR stations from Central and 1 MTR station from Causeway Bay
- Flexible room configuration accommodates up to 4 guests, ideal for families and travelling groups
- Rooms on high floors feature fascinating view of exciting city vistas
- Daily complimentary morning refreshments and coffee & tea at iLounge
- New kitchen equipment for long stay guests
- Newly equipped entertainment corner with board games
- 24-hour self-service laundry and drying facilities
- 24-hour complimentary use of computers at iEngage
- 24-hour complimentary use of fitness facilities at Sweat Zone
- A completely smoke-free hotel

- 99
- 2009
- 5,530 sq. m.
- 5,326 sq. m.
- 1
- 1

- 🏆 Gold Benchmarking Certificate by EarthCheck (2023-2025)
- 🏆 Emerging Star Award by Trip.com Group (2024)
- 🏆 Gold Circle Award by Agoda (2023)
- 🏆 Travellers' Choice Award by Tripadvisor (2020-2021)
- 🏆 Customer Review Award by Agoda (2020)
- 🏆 Trusted Cleanliness Badge by TrustYou (2020-2021)

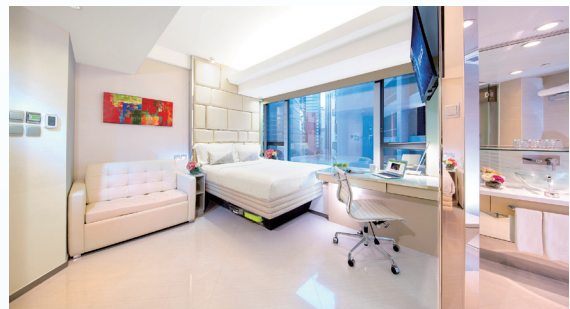
# iClub SHEUNG WAN HOTEL



iLounge



Lobby



iBusiness

138 Bonham Strand,  
Sheung Wan, Hong Kong.  
Tel: (852) 3963 6100  
Fax: (852) 3963 6122  
Email: [info@sheungwan.iclub-hotels.com](mailto:info@sheungwan.iclub-hotels.com)  
Website: [sheungwan.iclub-hotels.com](http://sheungwan.iclub-hotels.com)



248



2014



9,600 sq. m.



7,197 sq. m.



1



1

- A contemporary select-service hotel with 248 chic and trendy guestrooms and suites
- Convenient location with 5-minute walking distance to Sheung Wan MTR station, 7-minute walking distance to Hong Kong Macau Ferry Terminal and walking distance to Hollywood Road and SoHo area
- Flexible room configuration accommodates up to 6 guests in a room, ideal for families and travelling groups
- Daily complimentary morning refreshments and coffee & tea at iLounge
- 24-hour self-service laundry and drying facilities
- 24-hour complimentary use of computers at iEngage
- 24-hour complimentary use of fitness facilities at Sweat Zone
- A completely smoke-free hotel

- 🏆 Gold Benchmarking Certificate by EarthCheck (2023-2025)
- 🏆 Outstanding Innovation Marketing Award by Meituan Hotel (2025)
- 🏆 Travellers' Choice Award by Tripadvisor (2020-2021 & 2025)
- 🏆 Gold Circle Award by Agoda (2023-2024)
- 🏆 Popular Hotel of the Year by Meituan Hotel (2023)
- 🏆 Traveller Review Awards by Booking.com (2020-2022)
- 🏆 Loved by Guests Award by Hotels.com (2020-2021)
- 🏆 Trusted Cleanliness Badge by TrustYou (2021)

# iclub FORTRESS HILL HOTEL



Carpark



Connecting Room



iLounge

18 Merlin Street,  
North Point, Hong Kong.  
Tel: (852) 3963 6300  
Fax: (852) 3963 6322  
Email: [info@fortresshill.iclub-hotels.com](mailto:info@fortresshill.iclub-hotels.com)  
Website: [fortresshill.iclub-hotels.com](http://fortresshill.iclub-hotels.com)



338



2014



9,400 sq. m.



6,849 sq. m.



1



1

- A contemporary select-service hotel with 338 chic and trendy guestrooms
- Convenient location within walking distance to Fortress Hill or Tin Hau MTR stations
- 2 MTR stations away from the Hong Kong Convention & Exhibition Centre and commercial hub in Eastern District (Tai Koo Place)
- Easy access to East Coast Park and Victoria Park, the biggest park on Hong Kong Island
- The only pet-friendly hotel in Fortress Hill providing designated floor and pets playground
- Newly equipped family iSuite with microwave
- New kitchen equipment for long stay guests
- Relaxed outdoor garden with exclusive clubhouse-like experiences
- Newly equipped entertainment corner with board games
- Connecting rooms for travelling group
- Rooms on higher floors feature fascinating harbour view and Hong Kong skyline
- Daily complimentary morning refreshments and coffee & tea at iLounge
- 24-hour self-service laundry and drying facilities
- 24-hour complimentary use of computers at iEngage
- 24-hour complimentary use of fitness facilities at Sweat Zone
- A completely smoke-free hotel

🏆 Gold Benchmarking Certificate by EarthCheck (2023-2025)

🏆 Top Production Hotel by Trip.com Group (2024-2025)

🏆 Popular Hotel of The Year by Meituan Hotel (2023)

🏆 Best Performance by Trip.com Group (2023)

🏆 Travellers' Choice Award by Tripadvisor (2020)

🏆 Trusted Cleanliness Badge by TrustYou (2020)

# iclub TO KWA WAN HOTEL



Hotel Lobby



iSelect Premier



iLounge

8 Ha Heung Road,  
To Kwa Wan, Hong Kong.  
Tel: (852) 3963 6600  
Fax: (852) 3963 6622  
Email: [info@tokwawan.iclub-hotels.com](mailto:info@tokwawan.iclub-hotels.com)  
Website: [tokwawan.iclub-hotels.com](http://tokwawan.iclub-hotels.com)



340



2017



9,490 sq. m.



6,298 sq. m.



1



1

- A contemporary select-service hotel opened in 2017 with 340 chic and trendy guestrooms
- Close to To Kwa Wan MTR station of the Tuen Ma Line
- 3-minute walking distance to the airport bus station
- Flexible room configuration accommodates up to 3 guests in a room, ideal for families and travelling group
- Rooms on higher floors feature fascinating harbour view and Hong Kong skyline
- Daily complimentary morning refreshments
- 24-hour self-service laundry and drying facilities
- 24-hour complimentary use of computers at iEngage
- 24-hour complimentary use of fitness facilities at Sweat Zone
- A completely smoke-free hotel

- 🏆 Gold Benchmarking Certificate by EarthCheck (2025)
- 🏆 Outstanding Partner Award by Meituan Hotel (2023)
- 🏆 Travellers' Choice Award by Tripadvisor (2020-2021)
- 🏆 Trusted Cleanliness Badge by TrustYou (2020)

The Directors of the REIT Manager herein present their report together with the audited consolidated financial statements of Regal Real Estate Investment Trust (“Regal REIT”) and its subsidiaries (collectively, the “Group”) for the year ended 31st December, 2025.

### LONG-TERM OBJECTIVES AND VISION OF REGAL REIT

The primary objectives of Regal REIT and the REIT Manager are to provide long-term stable, growing distributions and capital growth for the unitholders of Regal REIT (the “Unitholders”) through active ownership of hotels and strategic investment in hotels, serviced apartments and/or commercial properties (including office and retail properties).

The vision of Regal REIT and the REIT Manager is to build up the existing portfolio of hotel properties in Hong Kong and to be a pre-eminent owner of quality international hotels and other properties with a primary focus in Hong Kong as well as to reinforce Regal REIT’s status as a growing attractive option for investors.

### ORGANISATION AND STRUCTURE OF REGAL REIT

Regal REIT was constituted by a trust deed dated 11th December, 2006 (as amended and restated by a first amending and restating deed dated 23rd March, 2021 and a second amending and restating deed dated 31st January, 2024) (the “Trust Deed”) entered into between the REIT Manager and the Trustee of Regal REIT. Regal REIT is a collective investment scheme established in the form of a unit trust under Hong Kong laws and its units (the “Units”) have been listed on the main board of The Stock Exchange of Hong Kong Limited (the “HK Stock Exchange”) since 30th March, 2007 (the “Listing Date”).

Regal REIT is regulated by the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”), the Code on Real Estate Investment Trusts (the “REIT Code”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), as if they were applicable to Regal REIT.

As at 31st December, 2025, the property portfolio of Regal REIT was comprised of (a) Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel (collectively, the “Initial Hotels”); and (b) iclub Wan Chai Hotel, iclub Sheung Wan Hotel, iclub Fortress Hill Hotel and iclub To Kwa Wan Hotel (collectively, the “iclub Hotels”).

### The REIT Manager and the Trustee

The REIT Manager is licensed by the Securities and Futures Commission in Hong Kong (the “SFC”) to undertake the regulated activity of asset management. The REIT Manager does not manage the five Initial Hotels or the four iclub Hotels directly.

The Trustee is DB Trustees (Hong Kong) Limited, a wholly-owned subsidiary of Deutsche Bank AG. The Trustee is qualified to act as a trustee for collective investment schemes authorised under the SFO. In this role, the Trustee holds the assets of Regal REIT in trust for the benefit of the Unitholders as a whole and oversees the activities of the REIT Manager for compliance with the Trust Deed and all regulatory requirements.

## The RHIHL Lessee and the Hotel Manager

The Initial Hotels are leased to Favour Link International Limited (the "RHIHL Lessee"), a wholly-owned subsidiary of Regal Hotels International Holdings Limited ("RHIHL", together with its relevant subsidiaries, collectively, the "RHIHL Group"), with lease terms expiring on 27th December, 2028 (for Regal Airport Hotel) and 31st December, 2030 (for each of the Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel) under the relevant lease agreements and supplemental lease agreements (together, the "Initial Hotels Lease Agreements"). The market rental packages for each of the Initial Hotels will be determined annually by a jointly appointed independent professional property valuer.

Regal Hotels International Limited, a wholly-owned subsidiary of RHIHL, was appointed as the hotel manager (the "Hotel Manager") under long-term hotel management agreements to operate the Initial Hotels (the "Initial Hotels Management Agreements") for a term of twenty years from 16th March, 2007. On 20th December, 2019, Regal REIT entered into a hotel management agreement with the Hotel Manager for the operation of the hotel portion of iclub Wan Chai Hotel for a term of ten years from 1st January, 2021 to 31st December, 2030 (the "Wan Chai Hotel Management Agreement") and the iclub Wan Chai Hotel is self-operated and not leased out by Regal REIT.

The iclub Sheung Wan Hotel is leased to the RHIHL Lessee with the lease term expired on 31st December, 2024 under a lease agreement (the "SW Lease Agreement"). The Hotel Manager was appointed as the hotel manager of the iclub Sheung Wan Hotel under a 10-year hotel management agreement (the "SW Hotel Management Agreement") commencing on 10th February, 2014. On 11th January, 2024, Regal REIT and the RHIHL Lessee entered into supplemental deeds amending (a) the SW Lease Agreement to extend the lease term of ten years from 1st January, 2025 to 31st December, 2034; and (b) the SW Hotel Management Agreement to extend its original expiry date (i.e., 9th February, 2024) to 31st December, 2034 with the inclusion of a new non-fault based early termination provision exercisable only by the lessor, respectively. The market rental packages for the extended lease term of the iclub Sheung Wan Hotel continues to be determined annually by a jointly appointed independent professional property valuer. Such extended terms for the SW Lease Agreement and the SW Hotel Management Agreement were approved by the independent Unitholders at the extraordinary general meeting of Regal REIT held on 31st January, 2024.

The iclub Fortress Hill Hotel is leased to the RHIHL Lessee with the lease term expired on 31st December, 2024 under a lease agreement (the "FH Lease Agreement"). The Hotel Manager was also appointed as the hotel manager of the iclub Fortress Hill Hotel under a 10-year hotel management agreement (the "FH Hotel Management Agreement") commencing on 28th July, 2014. On 11th January, 2024, Regal REIT and the RHIHL Lessee entered into supplemental deeds amending (a) the FH Lease Agreement to extend the lease term of ten years from 1st January, 2025 to 31st December, 2034; and (b) the FH Hotel Management Agreement to extend its original expiry date (i.e., 27th July, 2024) to 31st December, 2034 with the inclusion of a new non-fault based early termination provision exercisable only by the lessor, respectively. The market rental packages for the extended lease term of the iclub Fortress Hill Hotel continues to be determined annually by a jointly appointed independent professional property valuer. Such extended terms for the FH Lease Agreement and the FH Hotel Management Agreement were approved by the independent Unitholders at the extraordinary general meeting of Regal REIT held on 31st January, 2024.

The iclub To Kwa Wan Hotel is leased to the RHIHL Lessee with the lease term expiring on 31st December, 2027 under a lease agreement (the "TKW Lease Agreement"). The Hotel Manager was appointed as the hotel manager of the iclub To Kwa Wan Hotel under a 10-year hotel management agreement (the "TKW Hotel Management Agreement") commencing on 4th September, 2017.

## HOTEL PORTFOLIO

The portfolio of nine hotel properties of Regal REIT are strategically located in different districts in Hong Kong, enabling hotel guests to have easy and convenient access to the mass transit network and other public transportation networks. The Regal REIT's hotel portfolio is comprised of two hotel types, namely, full-service hotels, which offer a wide range of services including food and beverage outlets and other facilities, and select-service hotels, which offer contemporary design and are equipped with tech-savvy facilities.

Hotel Types	District Location	No. of Rooms	Operations Mode
<i>Full-service hotels:</i>			
Regal Airport Hotel	Chek Lap Kok	1,171	Under Lease
Regal Hongkong Hotel	Causeway Bay	481	Under Lease
Regal Kowloon Hotel	Tsim Sha Tsui	600	Under Lease
Regal Oriental Hotel	Kowloon City	494	Under Lease
Regal Riverside Hotel	Shatin	1,147	Under Lease
		3,893	
<i>Select-service hotels:</i>			
iclub Wan Chai Hotel	Wan Chai	99	Self-operated
iclub Sheung Wan Hotel	Sheung Wan	248	Under Lease
iclub Fortress Hill Hotel	Fortress Hill	338	Under Lease
iclub To Kwa Wan Hotel	To Kwa Wan	340	Under Lease
		1,025	
<b>Total</b>		<b>4,918</b>	

### Extension of the Sub-Lease for Regal Airport Hotel

As disclosed in the offering circular of Regal REIT dated 19th March, 2007 issued in connection with the listing of the Units (the "Offering Circular"), the Airport Authority Hong Kong (an independent third party of Regal REIT) (as lessor) and Bauhinia Hotels Limited (being the direct holding company of Regal Airport Hotel and a wholly-owned subsidiary of Regal REIT) (the "RAH - Property Company") (as lessee) had entered into "The Hong Kong Airport at Chek Lap Kok – Sub-Lease of Hotel" on 12th August, 2004 (the "Sub-Lease") (as amended by the supplemental lease dated 8th November, 2006) whereby the Hong Kong Airport Authority let to the RAH - Property Company the Regal Airport Hotel located at 9 Cheong Tat Road, Chek Lap Kok, Lantau Island, New Territories, Hong Kong for the period from 31st December, 2003 to 30th December, 2028.

In December 2025, Regal REIT, through RAH - Property Company, entered into a binding letter of intent and, subsequently in March 2026, a second supplemental lease agreement with the Airport Authority Hong Kong, pursuant to which the Sub-Lease for the Regal Airport Hotel has been formally extended for a further term of three years from 31st December, 2028 to 30th December, 2031. Reference can be made to the related announcement dated 12th December, 2025 as published by the REIT Manager for further details.

## Disposal of the Subsidiaries owning Regal Oriental Hotel

Regal REIT has most recently entered into a legally binding preliminary agreement on 20th March, 2026 with an independent third party for the sale of its entire equity interests in an intermediate holding company of the company that directly holds the Regal Oriental Hotel in Kowloon City, based on an agreed property value of HK\$1,518.0 million for the hotel property. Reference can be made to the related announcement dated 22nd March, 2026 as published by the REIT Manager for full details of this sale transaction.

## RENTAL AND REVENUE STRUCTURE

### Initial Hotels – Rental Revenue Derived from Hotel Operations

Rental revenues, represented by base rent and variable rent in respect of the Initial Hotels, are derived from hotel operations, that is, from the hotel businesses leased to the RHIHL Group and managed by the Hotel Manager.

Specifically, total hotel revenue consists of the following:

- Room revenue, which is primarily driven by hotel room occupancy rates and achieved average room rates;
- Food and beverage revenue (“F&B Revenue”), which is primarily driven by banquet business, local patron and hotel room guests’ usage of bars and restaurants; and
- Other income, which consists of ancillary hotel revenue and other items, which is mainly driven by hotel room occupancy rates which, in turn, affect telephone, internet and business centre usage, spa and health centres, parking and dry cleaning/laundry services.

Hotel operating costs and expenses consist of direct costs and expenses attributable to the respective operating departments, e.g. rooms department, food and beverage department, etc. as well as costs and expenses attributable to overhead departments such as the administration department, the sales and marketing department and the repairs and maintenance department.

Most categories of variable expenses, such as certain labour costs in housekeeping and utility costs, fluctuate with changes in the levels of room occupancies. The cost of goods sold in the hotel business, such as food products and beverages, fluctuate with guest frequency of dining in restaurants, bars and banquets.

The following performance indicators are commonly adopted in the hotel industry:

- Room occupancy rates;
- Average room rates; and
- RevPAR, room revenue divided by rooms available, or a product of the occupancy rates and the average room rates (RevPAR does not include F&B Revenue or other income, i.e. only room revenue).

### Initial Hotels – Rental Structure and Market Rental Packages

Pursuant to the Initial Hotels Lease Agreements, for the years 2011 to 2028 (for Regal Airport Hotel) and 2030 (for the other four Initial Hotels), respectively, the rental packages in respect of the Initial Hotels are determined on a yearly basis by a jointly appointed independent professional property valuer. The determinations comprise the amount of market rents (inclusive of the amount of base rent (the “Base Rent”) for each Initial Hotel, the variable rent (the “Variable Rent”) sharing percentage and the RHIHL Lessee’s contributions to the furniture, fixtures and equipment (the “FF&E”) reserve calculated as a percentage of total hotel revenue) to be applied for each of the Initial Hotels for the relevant respective years from 2011 to 2028 (for Regal Airport Hotel) and 2030 (for the other four Initial Hotels), respectively, together with the amount of the security deposit required (collectively, the “IH Market Rental Package”).

### ***IH Market Rental Package for 2025***

According to the IH Market Rental Package for 2025, the aggregate Base Rent for the Initial Hotels was determined at HK\$550.0 million, to be payable by cash by the RHIHL Lessee on a monthly basis. Regal REIT would be entitled to receive Variable Rent based on 50% sharing of any excess of the aggregate NPI over the aggregate Base Rent. No FF&E reserve is required to be contributed by the RHIHL Lessee and the obligation for such contribution rests with the Lessors. The RHIHL Lessee has provided third party guarantees as security deposits for an aggregate amount of HK\$137.5 million, which is equivalent to three months' Base Rent.

### ***IH Market Rental Package for 2026***

An independent professional property valuer, Ms. Stella Ho, was jointly appointed by the lessors and the RHIHL Lessee in June 2025 to conduct rent reviews for the Initial Hotels for 2026. According to the determination of the IH Market Rental Package for 2026, the aggregate amount payable by the RHIHL Lessee as Base Rent was determined to be HK\$553.0 million, with Variable Rent continuing to be based on sharing 50% of the excess of the aggregate NPI from the operations of the Initial Hotels over the aggregate Base Rent thereof in 2026. No FF&E reserve is required to be contributed by the RHIHL Lessee and the obligation for such contribution rests with the lessors.

The RHIHL Lessee has provided third party guarantees as security deposits, effective on 1st January, 2026, for an aggregate amount of HK\$138.25 million, which is equivalent to three months' aggregate Base Rent of the Initial Hotels for 2026, issued by a licensed bank in Hong Kong. Details of the IH Market Rental Package for 2026 can be referred to in an announcement published by the REIT Manager on 26th September, 2025.

## **iclub Wan Chai Hotel – Revenue Structure**

### ***Hotel Portion***

The hotel portion of iclub Wan Chai Hotel, which is under an owner-operate mode, is managed by the Hotel Manager under the Wan Chai Hotel Management Agreement. Gross hotel revenue and the associated operating costs and expenses are accounted for directly by Regal REIT.

### ***Non-hotel Portions***

iclub Wan Chai Hotel – non-hotel portions, comprised of a portion of the ground floor and the 27th to 29th floors of the premises, are let out for generating monthly rental income.

## **iclub Sheung Wan Hotel – Rental Structure and Market Rental Package**

Pursuant to the SW Lease Agreement and its supplemental deed, the RHIHL Lessee is obligated to pay rentals in respect of the iclub Sheung Wan Hotel to Regal REIT for the period from 10th February, 2014 to 31st December, 2034, with fixed rentals for the first three years of the lease term.

After the lapse of the three initial lease years, market rental reviews by a jointly appointed independent professional property valuer take place annually for each of the remaining periods of the lease term to determine the market rental components (comprising the Base Rent, Variable Rent and lessee's contribution to the FF&E reserve) together with the amount of the security deposit required (collectively, the "SW Market Rental Package").

### ***SW Market Rental Package for 2025***

According to the determination of the SW Market Rental Package for 2025, the Base Rent payable by the RHIHL Lessee was HK\$44.0 million, with Variable Rent to be based on 50% of the excess of the NPI over the Base Rent. No FF&E reserve is required to be contributed by the RHIHL Lessee and the obligation for such contribution rests with the lessor. The RHIHL Lessee has provided a third party guarantee as a security deposit for an amount of HK\$11.1 million, which is equivalent to three months' Base Rent together with rates and Government rent of the iclub Sheung Wan Hotel for 2025.

### ***SW Market Rental Package for 2026***

The same independent professional property valuer, Ms. Stella Ho, was jointly appointed in June 2025 to determine the SW Market Rental Package for 2026. According to the determination of the SW Market Rental Package for 2026, the Base Rent to be payable by the RHIHL Lessee is HK\$44.0 million, with Variable Rent to be based on 50% of the excess of the NPI over the Base Rent. No FF&E reserve is required to be contributed by the RHIHL Lessee and the obligation for such contribution rests with the lessor. The RHIHL Lessee is required to provide a third party guarantee as a security deposit, effective on 1st January, 2026, for an amount of HK\$11.1 million, which is equivalent to three months' Base Rent together with rates and Government rent of the iclub Sheung Wan Hotel for 2026. Details of the SW Market Rental Package for 2026 can be referred to in an announcement published by the REIT Manager on 26th September, 2025.

### **iclub Fortress Hill Hotel – Rental Structure and Market Rental Package**

Pursuant to the FH Lease Agreement and its supplemental deed, the RHIHL Lessee is obligated to pay rentals in respect of the iclub Fortress Hill Hotel to Regal REIT for the period from 28th July, 2014 to 31st December, 2034, with fixed rentals for the first three years of the lease term.

After the lapse of the three initial lease years, market rental reviews by a jointly appointed independent professional property valuer take place annually for each of the remaining periods of the lease term to determine the market rental components (comprising the Base Rent, Variable Rent and lessee's contribution to the FF&E reserve) together with the amount of the security deposit required (collectively, the "FH Market Rental Package").

### ***FH Market Rental Package for 2025***

According to the determination of the FH Market Rental Package for 2025, the Base Rent payable by the RHIHL Lessee was HK\$42.0 million, with Variable Rent to be based on 50% of the excess of the NPI over the Base Rent and no FF&E reserve is required to be contributed by the RHIHL Lessee and the obligation for such contribution rests with the lessor. The RHIHL Lessee has provided a third party guarantee as a security deposit for an amount of HK\$10.8 million, which is equivalent to three months' Base Rent together with rates and Government rent of the iclub Fortress Hill Hotel for 2025.

### ***FH Market Rental Package for 2026***

Concurrent with the appointment as independent professional property valuer for the SW Market Rental Package 2026, Ms. Stella Ho was also appointed in June 2025 to determine the FH Market Rental Package for 2026. According to the determination of the FH Market Rental Package for 2026, the Base Rent to be payable by the RHIHL Lessee is HK\$42.0 million, with Variable Rent to be based on 50% of the excess of the NPI over the Base Rent. No FF&E reserve is required to be contributed by the RHIHL Lessee and the obligation for such contribution rests with the lessor. The RHIHL Lessee is required to provide a third party guarantee as a security deposit, effective on 1st January, 2026, for an amount of HK\$10.8 million, which is equivalent to three months' Base Rent together with rates and Government rent of the iclub Fortress Hill Hotel for 2026. Details of the FH Market Rental Package for 2026 can be referred to in an announcement published by the REIT Manager on 26th September, 2025.

## **iclub To Kwa Wan Hotel – Rental Structure**

Pursuant to the TKW Lease Agreement and its supplemental deed, the RHIHL Lessee is obligated to pay rentals in respect of the iclub To Kwa Wan Hotel to Regal REIT for the period from 4th September, 2017 to 31st December, 2027, with fixed rentals for the first five years of the lease term.

After the lapse of the five initial lease years, market rental reviews by a jointly appointed independent professional property valuer take place annually for each of the remaining periods of the lease term to determine the market rental components (comprising the Base Rent, Variable Rent and the lessee's contribution to the FF&E reserve) together with the amount of security deposit required (collectively, the "TKW Market Rental Package").

### ***TKW Market Rental Package for 2025***

According to the determination of the TKW Market Rental Package for 2025, the Base Rent payable by the RHIHL Lessee was HK\$37.0 million, with Variable Rent to be based on 50% of the excess of the NPI over the Base Rent. No FF&E reserve is required to be contributed by the RHIHL Lessee and the obligation for such contribution rests with the lessor. The RHIHL Lessee has provided a third party guarantee as a security deposit for an amount of HK\$9.25 million, which is equivalent to three months' Base Rent of the iclub To Kwa Wan Hotel for 2025.

### ***TKW Market Rental Package for 2026***

The same independent professional property valuer, Ms. Stella Ho, was jointly appointed in June 2025 to determine the TKW Market Rental Package for 2026. According to the determination of the TKW Market Rental Package for 2026, the Base Rent to be payable by the RHIHL Lessee is HK\$40.0 million, with Variable Rent to be based on 50% of the excess of the NPI over the Base Rent. No FF&E reserve is required to be contributed by the RHIHL Lessee and the obligation for such contribution rests with the lessor. The RHIHL Lessee is required to provide a third party guarantee as a security deposit, effective on 1st January, 2026, for an amount of HK\$10.0 million, which is equivalent to three months' Base Rent of the iclub To Kwa Wan Hotel for 2026. Details of the TKW Market Rental Package for 2026 can be referred to in an announcement published by the REIT Manager on 26th September, 2025.

## **Furniture, Fixtures & Equipment Reserve**

Regal REIT is obligated under the respective Initial Hotels Lease Agreements, the Wan Chai Hotel Management Agreement, the SW Lease Agreement and its supplemental deed, the FH Lease Agreement and its supplemental deed and the TKW Lease Agreement and its supplemental deed to maintain a reserve to fund expenditures for replacements of FF&E in the respective hotels during the year.

During the year, Regal REIT contributed amounts equal to 2% of the total hotel revenue (i.e. the total of room revenue, food and beverage revenue and/or other income of the hotel properties) for each month and, as a result, HK\$29.8 million was contributed to the FF&E reserve with corresponding expenditures of HK\$25.4 million being recorded for the purposes intended.

## **Capital Addition Projects**

As an ongoing initiative, Regal REIT invests in capital addition projects for continuous upgrade on the quality and standards of the rooms and facilities for its hotel properties. Regal REIT undertakes, in addition to the FF&E reserve, the funding of capital addition projects with the objective of improving portfolio competitiveness and product offerings to enhance income generating capabilities, profitability of the hotel property portfolio and enable special utilisations. Other enhancement projects may also be conducted to comply with updated licensing requirements or to conform to legislation enactments and standards from time to time.

## REVIEW OF OPERATIONS AND FINANCIAL RESULTS

The results of the Group for the year ended 31st December, 2025 are set out in the consolidated financial statements.

### Review of the Economic Environment in 2025

Based on recent research by the World Bank Group, global growth is estimated to have averaged 2.7% in 2025. The global economy has shown notable resilience to heightened trade tensions and policy uncertainty. For 2025, stockpiling of traded goods, strong risk appetite, and a surge in artificial intelligence (AI) spending supported activity, while supply chains adapted to rising trade barriers. There is also a sharp divergence among different economies, while advanced economies have recovered robustly, with nearly 90% now above pre-pandemic per capita income levels, more than one-quarter of emerging market and developing economies — particularly low-income countries and those affected by fragility and conflict — still have per capita incomes below 2019 levels<sup>1</sup>.

Despite of complex changes in domestic and global economic environment, the gross domestic product (GDP) for China in 2025 increased 5.0% over the previous year at constant prices. The national economy pushed forward with innovation-led and high-quality development. The major targets and tasks of economic and social development were achieved successfully<sup>2</sup>.

For 2025 as a whole, Hong Kong's GDP increased by 3.5%<sup>3</sup> in real terms over 2024, an acceleration from the 2.6% growth in 2024 and marking the third consecutive year of expansion. The growth momentum strengthened progressively over the course of 2025. Total exports of goods increased markedly, propelled by strong demand for electronic-related products and buoyant regional trade flows in Asia. Exports of services rose notably, supported by sustained growth in inbound tourism as well as vibrant cross-boundary financial service activities. Overall investment expenditure grew at a faster pace alongside a more entrenched economic expansion<sup>4</sup>.

According to the labour force statistics by the Census and Statistics Department, the seasonally adjusted unemployment rate of Hong Kong stood at 3.8% in October - December 2025, same as that in September - November 2025. The underemployment rate increased from 1.6% in September - November 2025 to 1.7% in October - December 2025. The continued growth of the Hong Kong economy and the improvement in local consumption sentiment should help stabilise the labour market. Nonetheless, the employment situations in some sectors may continue to be affected by their challenging business conditions<sup>5</sup>.

<sup>1</sup> Source: Publications, World Bank Group, "Global Economic Prospects", January 2026.

<sup>2</sup> Source: Press Release, National Bureau of Statistics of China, "National Economy Pushed Forward with Innovation-led and High-quality Development and Expected Targets Achieved Successfully in 2025", 19th January, 2026.

<sup>3</sup> Source: Budget Speech, The 2026-27 Budget, "Economic Situation in 2025", 25th February, 2026.

<sup>4</sup> Source: Press Release, Census & Statistics Department, "Advance estimates on Gross Domestic Product for fourth quarter and whole year of 2025", 30th January 2026.

<sup>5</sup> Source: Press Release, Census and Statistics Department, "Unemployment and underemployment statistics for October – December 2025", 20th January, 2026.

## Visitor Arrivals in Hong Kong, 2025 versus 2024<sup>6</sup>

Visitors to Hong Kong by Geographical Regions	2025 (Percentage of total visitors)	2025 (No. of visitors)	2024 (No. of visitors)	Variance (No. of visitors)	Variance (%)
Chinese Mainland	75.83%	37,833,784	34,043,127	3,790,657	11.1%
South & Southeast Asia	7.55%	3,766,589	3,456,708	309,881	9.0%
North Asia	3.42%	1,705,476	1,415,042	290,434	20.5%
Taiwan	3.16%	1,578,494	1,244,610	333,884	26.8%
Europe, Africa & the Middle East	3.36%	1,675,983	1,366,409	309,574	22.7%
The Americas	3.17%	1,581,058	1,361,674	219,384	16.1%
Australia, New Zealand & South Pacific	1.14%	568,544	451,475	117,069	25.9%
Macau SAR/Not identified	2.37%	1,184,904	1,163,742	21,162	1.8%
Totals	100%	49,894,832	44,502,787	5,392,045	12.1%
Overnight visitors included in above	46.5%	23,190,097	21,943,913	1,246,184	5.7%

For the year of 2025, Hong Kong's tourism market continued to recover. The number of visitor arrivals improved encouragingly to about 49.9 million, showing an increase of 12.1% year-on-year.

Visitors from the Chinese Mainland increased and recorded a growth rate of 11.1%, with arrivals aggregating approximately 37.8 million, representing 75.8% of the total visitor arrivals to Hong Kong in 2025.

Arrivals from short-haul markets comprising other Asian regions (including North Asia, South & Southeast Asia, Taiwan and Macau) were reported as 8.2 million and accounted for 16.5% of total arrivals, representing a growth rate of 13.1% as compared to 2024.

<sup>6</sup> Source: Research, Hong Kong Tourism Board, "Visitor Arrival Statistics – Dec 2025", January 2026; "Visitor Arrival Statistics – Dec 2024", January 2025; the REIT Manager.

For the long-haul markets, a growth rate of 20.3% was recorded, with total arrivals of approximately 3.8 million. Visitors from the Americas also displayed an increase with a growth rate of 16.1% and represented 3.2% of the total number of visitors. Overall, visitor arrivals from the European, Africa and the Middle East markets recorded a growth rate of 22.7%; with the visitor number reaching 1.7 million and accounting for 3.4% of total arrivals.

Similar to other international gateway cities, in-bound visitor numbers drive the core lodging demand for the local hotel industry. Overnight visitors aggregated approximately 23.2 million, representing 46.5% of total arrivals and showing an increase of 5.7% year-on-year.

### Review of Hotel Room Supply in Hong Kong in 2025 and Forecast for 2026

In 2025, the hotel room supply in Hong Kong reported growth of 0.6% over 2024. This represented an annual increase of 550 units from 92,922 to 93,472 rooms. During the year under review, 3 new hotel properties were opened and the number rose from 330 to 333, posting year-on-year growth of 0.9%. By the end of 2026, it is projected that the hotel room supply will be maintained at similar level.<sup>7</sup>

### Industry Performance

Room Occupancy Rates, Average Room Rates and RevPAR (Revenue per available room) of the different category of hotels are summarized below.

Category	Hong Kong Hotel Market Performance (2025 versus 2024) <sup>8</sup>					
	Room Occupancy Rates		Average Room Rates		RevPAR	
	2025	2024	2025	2024	2025	2024
	%	%	HK\$	HK\$	HK\$	HK\$
High Tariff A	79	79	2,169	2,238	1,714	1,768
High Tariff B	89	86	1,009	1,052	898	905
Medium Tariff	91	89	611	705	556	627
All Hotels	87	85	1,263	1,332	1,099	1,132

In 2025, the overall hotel occupancy rate was recorded as 87.0% and was up by 2.0 percentage points when compared to 2024. The industry-wide average room rate recorded a decrease of 5.2% year-on-year to HK\$1,263 per night. The resulting effect led to a drop of 2.9% on the industry-wide RevPAR or a decrease of HK\$33.0 year-on-year to HK\$1,099.

<sup>7</sup> Source: Research, Hong Kong Tourism Board, "Hotel Supply Situation - Dec 2025", March 2026; the REIT Manager.

<sup>8</sup> Source: Research, Hong Kong Tourism Board, "Hotel Room Occupancy Report - Dec 2025", January 2026; the REIT Manager.

## **Performance Highlights of Regal REIT**

Being one of the major hotel owners in Hong Kong, Regal REIT presently owns a portfolio of nine operating hotels strategically located in different districts in Hong Kong, comprising five hotels under the full-service “Regal” brand (the “Initial Hotels”) and four hotels under the select-service “iclub” brand, commanding an aggregate of 4,918 guestrooms and suites.

The financial performance of Regal REIT with regard to operating results and net asset value relies on the underlying performance of the respective hotel businesses operated by the RHIHL Lessee and the self-operated iclub Wan Chai Hotel, all under the management of the Hotel Manager.

Despite the strong increase in tourist arrivals, hotel operators in Hong Kong were still faced with challenges from the changed spending habits of the incoming visitors, resulting drops of 2.9% on industry-wide RevPAR on a year-on-year basis. On the other hand, the strong Hong Kong dollar, the cross-border consumption pattern as well as the increase of frontline staff costs continued posing challenges to the hotel operating environment. Nevertheless, the hotel properties owned by Regal REIT operated satisfactorily, achieving positive increases in their average RevPAR that out-performed market average. Regal REIT’s hotels portfolio has demonstrated that we were able to manage the market transformation and achieved satisfactory increase in their overall NPI during the year under review.

Further details on the Individual hotel performance data and statistics for 2025 are further elaborated on the following sections and in the valuation report section of the respective hotel property in pages 136 to 201.

### Performance of the Initial Hotels

Total hotel revenue, gross operating profit ("GOP"), NPI and statistics for the combined Initial Hotels for FY2025 versus FY2024 are set out below.

	FY2025 HK\$'million	FY2024 HK\$'million	Variance HK\$'million	Variance %
<b>Operating Results</b>				
Room revenue	960.5	879.6	80.9	9.2%
Food and beverage revenue	266.8	265.8	1.0	0.4%
Other income	19.4	19.2	0.2	1.0%
Total hotel revenue	1,246.7	1,164.6	82.1	7.0%
Operating expenses	(789.7)	(782.0)	(7.7)	(1.0%)
Gross operating profit	457.0	382.6	74.4	19.4%
Other expenses	(44.8)	(41.6)	(3.2)	(7.7%)
Net rental income	34.0	33.0	1.0	3.0%
Net property income	446.2	374.0	72.2	19.3%
<b>Statistics</b>				
Average room rate	HK\$926.44	HK\$869.01	HK\$57.43	6.6%
Occupancy rate	73.0%	71.0%	2.0%	2.8%
RevPAR	HK\$675.96	HK\$617.31	HK\$58.65	9.5%
Total available room nights	1,420,945	1,424,838	(3,893)	(0.3%)
Occupied room nights	1,036,758	1,012,146	24,612	2.4%

During the year under review, total hotel revenue of the Initial Hotels recorded a combined result of HK\$1,246.7 million (2024 - HK\$1,164.6 million), representing an increase of HK\$82.1 million or 7.0% year-on-year. GOP and NPI were HK\$457.0 million and HK\$446.2 million, respectively, reflecting satisfactory results upon resumption of normal hotel operations.

The combined average occupancy rate of the Initial Hotels in 2025 was 73.0%, as compared to 71.0% in the prior year. Their combined average room rate improved by 6.6% and their combined average RevPAR has risen by 9.5% to HK\$675.96 year-on-year.

### **Base Rent**

According to the IH Market Rental Package for 2025, Regal REIT received Base Rent in the form of cash for each Initial Hotel on a monthly basis. During the year under review, Regal REIT received aggregate Base Rent of HK\$550.0 million, representing a monthly Base Rent of HK\$45.8 million.

### **Variable Rent**

Regal REIT is entitled to receive Variable Rent through the sharing of the excess aggregate NPI from the Initial Hotels' operations over the annual Base Rent. For the year under review, the aggregate NPI from hotel operations of the Initial Hotels amounted to HK\$446.2 million, which was below the aggregate Base Rent of HK\$550.0 million. Therefore, no Variable Rent was earned for the year.

### ***Performance of iclub Wan Chai Hotel***

The year-round average occupancy rate of the hotel portion of the iclub Wan Chai Hotel was 94.7% in 2025, as compared to 95.3% in 2024. Its average room rate of HK\$932.36 (2024 – HK\$848.90) has increased by 9.8%, resulting in a year-on-year improvement of 9.1% in its average RevPAR to HK\$882.87 in 2025. Meanwhile, the non-hotel portions of the iclub Wan Chai Hotel, comprised the portion of the ground floor and other areas on the 27th to 29th floors of the premises were leased to third-party tenants.

### **Hotel portion**

For the year ended 31st December, 2025, the hotel portion contributed gross hotel revenue of HK\$32.5 million and incurred operating costs and expenses of HK\$17.4 million.

### **Non-hotel portions**

For the year ended 31st December, 2025, net rental income of HK\$1.4 million was generated from the leasing of the non-hotel portions.

### ***Performance of iclub Sheung Wan Hotel***

For 2025, the iclub Sheung Wan Hotel achieved an overall average occupancy rate of 85.7%, as compared to 85.9% in 2024. Its average room rate of HK\$892.40 (2024 - HK\$862.86) has increased by 3.4%, with its average RevPAR improved by 3.2% year-on-year.

#### **Base Rent**

According to the SW Market Rental Package for 2025, Regal REIT received Base Rent in the form of cash on a monthly basis. During the year, Regal REIT received the Base Rent of HK\$44.0 million.

#### **Variable Rent**

Regal REIT is entitled to receive Variable Rent through the sharing of the excess NPI from the iclub Sheung Wan Hotel's operations over the Base Rent. For the year under review, as the NPI from its hotel operations was HK\$40.5 million, which fell short of the Base Rent of HK\$44.0 million, no Variable Rent was earned.

### ***Performance of iclub Fortress Hill Hotel***

For 2025, the iclub Fortress Hill Hotel achieved an overall average occupancy rate of 91.5%, as compared to 87.6% in 2024. As its average room rate of HK\$647.91 (2024 - HK\$574.38) has increased by 12.8%, its average RevPAR was up by 17.8% year-on-year.

#### **Base Rent**

According to the FH Market Rental Package for 2025, Regal REIT received Base Rent in the form of cash on a monthly basis. During the year, Regal REIT received the Base Rent of HK\$42.0 million.

#### **Variable Rent**

Regal REIT is entitled to receive Variable Rent through the sharing of the excess NPI from the iclub Fortress Hill Hotel's operations over the Base Rent. For the year under review, as the NPI from its hotel operations was HK\$38.7 million, which fell short of the Base Rent of HK\$42.0 million, no Variable Rent was earned.

### ***Performance of iclub To Kwa Wan Hotel***

For 2025, the iclub To Kwa Wan Hotel achieved an overall average occupancy rate of 84.8%, as compared to 79.4% in 2024. As its average room rate of HK\$650.0 (2024 - HK\$572.41) has increased by 13.6%, its average RevPAR has improved by 21.2% year-on-year.

#### **Base Rent**

According to the TKW Market Rental Package 2025, Regal REIT received Base Rent in the form of cash on a monthly basis. During the year, Regal REIT received the Base Rent of HK\$37.0 million.

#### **Variable Rent**

Regal REIT is entitled to receive Variable Rent through the sharing of the excess NPI from the iclub To Kwa Wan Hotel's operations over the Base Rent. For the year under review, as the NPI from its hotel operations was HK\$35.9 million, which fell short of the Base Rent of HK\$37.0 million, no Variable Rent was earned.

## Net Rental and Hotel Income

The aggregate net rental and hotel income for Regal REIT for the year ended 31st December, 2025 (as compared to the prior year) is set out below.

	2025		2024	
	HK\$'million	%	HK\$'million	%
Initial Hotels				
Base Rent	550.0	77.4	544.0	77.6
Variable Rent	—	—	—	—
Other income	2.7	0.4	2.6	0.4
iclub Sheung Wan Hotel				
Base/Variable Rents	44.0	6.2	42.0	6.0
iclub Fortress Hill Hotel				
Base/Variable Rents	42.0	5.9	40.0	5.7
iclub To Kwa Wan Hotel				
Base/Variable Rents	37.0	5.2	36.0	5.1
iclub Wan Chai Hotel				
Gross hotel revenue	32.5	4.6	29.9	4.3
Rental income	2.3	0.3	6.6	0.9
Gross rental and hotel income	<b>710.5</b>	<b>100.0</b>	701.1	100.0
Property operating expenses	(3.9)	(0.6)	(4.8)	(0.7)
Hotel operating expenses	(17.4)	(2.4)	(15.3)	(2.2)
Net rental and hotel income	<b>689.2</b>	<b>97.0</b>	681.0	97.1

During the year under review, net rental and hotel income represented 97.0% of the gross rental and hotel income after the deduction of property and hotel operating expenses. The management services of the hotel properties are provided by the Hotel Manager under the relevant hotel management agreements with respect to the Initial Hotels, iclub Wan Chai Hotel, iclub Sheung Wan Hotel, iclub Fortress Hill Hotel and iclub To Kwa Wan Hotel.

## Valuation of the Property Portfolio

As at 31st December, 2025, Regal REIT's overall property portfolio was valued at HK\$23,776.0 million (31st December, 2024 - HK\$23,943.0 million). The property portfolio is comprised of (i) the five Initial Hotels<sup>#</sup>, the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel, the iclub To Kwa Wan Hotel and the non-hotel portions of iclub Wan Chai Hotel that are classified as investment properties for an aggregate amount of HK\$23,112.0 million; and (ii) the owner-operated hotel portion of the iclub Wan Chai Hotel which is classified as property, plant and equipment for an amount of HK\$664.0 million.

Valuations of the properties as at 31st December, 2025 and 31st December, 2024 are tabulated below.

Property	Location	31 Dec 2025 Valuation HK\$ million	31 Dec 2024 Valuation HK\$ million	% Change
<i>Initial Hotels:</i>				
Regal Airport Hotel*	Lantau Island	1,278	1,134	+12.7%
Regal Hongkong Hotel	HK Island	4,297	4,356	-1.4%
Regal Kowloon Hotel	Kowloon	5,911	6,012	-1.7%
Regal Oriental Hotel <sup>#</sup>	Kowloon	1,767	1,815	-2.6%
Regal Riverside Hotel	New Territories	5,095	5,181	-1.7%
		<b>18,348</b>	<b>18,498</b>	<b>-0.8%</b>
<i>iclub Hotels:</i>				
iclub Wan Chai Hotel	HK Island	848	858	-1.2%
iclub Sheung Wan Hotel	HK Island	1,632	1,636	-0.2%
iclub Fortress Hill Hotel	HK Island	1,573	1,579	-0.4%
iclub To Kwa Wan Hotel	Kowloon	1,375	1,372	+0.2%
<b>Overall property portfolio</b>		<b>23,776</b>	<b>23,943</b>	<b>-0.7%</b>

\* Sub-lease expiring on 30th December, 2031.

<sup>#</sup> Includes the valuation of certain floor areas of Po Sing Court.

The valuations of the properties in the portfolio as at 31st December, 2025 were conducted by Knight Frank Petty Limited ("Knight Frank"), the principal valuer of Regal REIT appointed by the Trustee for a term of three years commencing from December 2024 pursuant to the provisions of the REIT Code.

Knight Frank, an independent professional property valuer, assessed the market values of the properties portfolio subject to the lease agreements, hotel operations and the hotel management agreements in accordance with "The HKIS Valuation Standards", the Listing Rules and the REIT Code. Knight Frank used the discounted cash flow ("DCF") method based on key assumptions such as hotel room occupancies, hotel average room rates, terminal capitalisation rates and discount rates. The market approach was also used as a check on the valuation derived from the DCF method.

## FINANCIAL REVIEW AND FINANCING STRATEGY

The REIT Manager has continued to adopt a prudent approach to ensure that the leverage ratios do not exceed thresholds prescribed under the REIT Code and strive to secure loan facilities for Regal REIT's portfolio under appropriate financial covenants and terms.

### Loan Financing

As at 31st December, 2025, Regal REIT's loan facilities aggregating HK\$10,371.0 million, with varying maturity terms, were comprised of: (a) term and revolving loan facilities of up to HK\$5,000.0 million secured by four of the five Initial Hotels; (b) a term loan facility of HK\$2,800.0 million secured by Regal Kowloon Hotel; (c) a term loan facility of HK\$416.5 million secured by the iclub Wan Chai Hotel; (d) a term loan facility of HK\$749.5 million secured by the iclub Sheung Wan Hotel; (e) a term loan facility of HK\$755.0 million secured by the iclub Fortress Hill Hotel; and (f) a term loan facility of HK\$650.0 million secured by the iclub To Kwa Wan Hotel.

#### *Financing for the Initial Hotels*

The 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"), concluded on 10th August, 2021 through Regal REIT's wholly-owned subsidiaries, were 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. The 2021 IH Facilities have a term of five years to August 2026 and carry interest based on HIBOR. As at 31st December, 2025, the 2021 IH Facilities had an outstanding amount of HK\$4,983.5 million, representing the full amount of the term loan facility and an amount of HK\$483.5 million under the revolving loan facility.

On 24th June, 2022, Regal REIT arranged, through a wholly-owned subsidiary, a term loan facility of HK\$2,950.0 million (the "2022 RKH Facility"), secured by a mortgage over the Regal Kowloon Hotel. This facility bears HIBOR-based interest and has a term of five years to June 2027. As at 31st December, 2025, the outstanding amount of the 2022 RKH Facility was HK\$2,800.0 million, after installment repayments of HK\$50.0 million each in June 2023, June 2024 and June 2025, respectively, representing the full amount of the outstanding term loan facility.

#### *Financing for iclub Wan Chai Hotel*

On 18th July, 2024, Regal REIT arranged, through a wholly-owned subsidiary, a term loan facility of HK\$416.5 million secured by the iclub Wan Chai Hotel (the "2024 WC Facility"). The 2024 WC Facility carries interest based on HIBOR and has a loan maturity of December 2027. As at 31st December, 2025, the outstanding facility amount was HK\$416.5 million, representing full amount of the 2024 WC Facility.

### ***Financing for iclub Sheung Wan Hotel***

On 17th October, 2023, Regal REIT arranged, through a wholly-owned subsidiary, a bilateral term loan facility of HK\$749.5 million secured by the iclub Sheung Wan Hotel (the “2023 SW Facility”). The 2023 SW Facility bears HIBOR-based interest with a four-year term to October 2027. As at 31st December, 2025, the outstanding amount was HK\$749.5 million, representing the full amount of the 2023 SW Facility.

### ***Financing for iclub Fortress Hill Hotel***

On 27th November, 2023, Regal REIT arranged, through a wholly-owned subsidiary, another bilateral term loan facility of HK\$755.0 million secured by the iclub Fortress Hill Hotel (the “2023 FH Facility”). The 2023 FH Facility bears HIBOR-based interest and has a term of five years to November 2028. As at 31st December, 2025, the outstanding amount was HK\$755.0 million, representing the full amount of the 2023 FH Facility.

### ***Financing for iclub To Kwa Wan Hotel***

On 15th November, 2025, Regal REIT arranged, through a wholly-owned subsidiary, a new term loan facility of HK\$650.0 million, similarly secured by the iclub To Kwa Wan Hotel (the “2025 TKW Facility”), which was used primarily to refinance the previous term loan facility of HK\$650.0 million that matured in November 2025. The 2025 TKW Facility carries interest based on HIBOR and has a loan maturity of November 2027. As at 31st December, 2025, the outstanding amount was HK\$650.0 million, representing the full amount of the 2025 TKW Facility.

### **Managing Fluctuations in Interest Rates**

During the year under review, the HIBOR stayed at a relatively high level for the first 4 months but went down significantly since mid-May, with 1-month HIBOR fluctuating within a range of about 4.18% per annum at the start of the year to the low end of about 0.52% per annum and stayed at about 3.08% per annum on 31st December, 2025<sup>9</sup>.

With a view to managing the financial expenses in the near term and hedging against any unexpected reversionary movements in the interest rates, Regal REIT further entered into several interest rate swap (“IRS”) transactions with a total notional amount of HK\$1,071.5 million during the year under review, to swap the interest expenses on certain of its outstanding bank loans from floating rates to fixed rates.

As at 31st December 2025, the committed notional amount of the fixed rates IRS transactions was HK\$2,921.0 million or 28.2% of Regal REIT’s total outstanding bank borrowings, at fixed rates of 2.70% per annum to 3.66% per annum and with terms ranging from 2.0 years to 3.6 years. The REIT Manager will continue to monitor the interest rates environment and to assess from time to time its strategies on hedging and cashflow management, in order to contain its exposure to interest rate fluctuations.

Mainly benefiting from the significant drop in HIBOR since mid-May this year, the financial expenses incurred during 2025 amounted to HK\$508.4 million, which was a reduction of HK\$132.0 million from HK\$640.4 million in the last year.

<sup>9</sup> Source: Bloomberg, Hong Kong Dollar HIBOR Fixings 1-Month: 2025.01.01 to 2025.12.31.

## Gearing and Cash

As at 31st December, 2025, the gearing ratio of Regal REIT was 42.8% (2024 - 43.0%), being the gross amount of the outstanding loans aggregating HK\$10,354.5 million, which takes into account: (a) the 2021 IH Facilities of HK\$4,983.5 million; (b) the 2022 RKH Facility of HK\$2,800.0 million; (c) the 2024 WC Facility of HK\$416.5 million; (d) the 2023 SW Facility of HK\$749.5 million; (e) the 2023 FH Facility of HK\$755.0 million; and (f) the 2025 TKW Facility of HK\$650.0 million, as compared to the total gross assets of Regal REIT of HK\$24,175.2 million. The gearing ratio is below the maximum 50% permitted under the REIT Code.

Regal REIT had a total of HK\$6.6 million in unrestricted and HK\$227.5 million in restricted cash balances and bank deposits, and unutilised revolving loan facilities of HK\$16.5 million as at 31st December, 2025. Regal REIT maintains adequate cash reserves and revolving loan facilities and receives timely payments of rental income to satisfy its financial commitments as well as working capital requirements on an on-going basis.

As at 31st December, 2025, all nine Regal REIT properties with an aggregate carrying value of HK\$23,776.0 million were pledged to secure its bank loan facilities.

## DISTRIBUTABLE INCOME AND DISTRIBUTION POLICY

Total Distributable Income (as defined in the Trust Deed) is “the amount calculated by the REIT Manager (based on the audited financial statements of Regal REIT for that Financial Year) as representing the consolidated audited net profit after tax of Regal REIT and the Special Purpose Vehicles (as defined in the Offering Circular) for that Financial Year, as adjusted for the Adjustments”. Adjustments are made to the distributable income to eliminate the effects of certain non-cash items and cash items which have been recorded in Regal REIT’s consolidated income statement, including “difference in accounting rental income and contractual cash rental income”, “fair value changes on investment properties”, “amounts set aside for the FF&E reserve”, “amortisation of debt establishment costs”, “depreciation” and “deferred tax charges”.

Pursuant to the Trust Deed, Regal REIT is required to ensure that the total amount distributed to Unitholders shall not be less than 90% of Regal REIT’s Total Distributable Income for each financial year and the current policy of the REIT Manager is to comply with such requirement.

### Distributions for 2025

The Board of Directors of the REIT Manager has resolved to declare a final distribution of HK\$0.0088 per Unit for the period from 1st July, 2025 to 31st December, 2025. There was no interim distribution for the period from 1st January, 2025 to 30th June, 2025, total distributions per Unit for 2025 will amount to HK\$0.0088, representing a yield of 2.59% based on the Unit closing price of HK\$0.34 on the last trading day of 2025. The final distribution of HK\$0.0088 per Unit will be payable to Unitholders on the Register of Unitholders on 19th May, 2026.

Total Distributable Income for the year ended 31st December, 2025 was HK\$29.1 million. Total distributions for the year will amount to HK\$28.67 million or 98.49% of the Total Distributable Income for the year.

### Closure of Register of Unitholders

For the purpose of ascertaining Unitholders’ entitlement to the final distribution for 2025, the Register of Unitholders will be closed from Thursday, 14th May, 2026 to Tuesday, 19th May, 2026, both days inclusive, during which period no transfers of Units will be effected. In order to qualify for the final distribution, all Unit certificates with completed transfer forms must be lodged with Regal REIT’s Unit registrar, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Wednesday, 13th May, 2026. The relevant distribution warrants are expected to be despatched on or about 29th May, 2026.

## OUTLOOK FOR 2026

As per the recent research from the International Monetary Fund (IMF), global growth is projected to remain resilient at 3.3% in 2026 and at 3.2% in 2027: rates similar to the estimated 3.3% outturn in 2025. This steady performance on the surface results from the balancing of divergent forces. Headwinds from shifting trade policies are offset by tailwinds from surging investment related to technology, including AI, more so in North America and Asia than in other regions, as well as fiscal and monetary support, broadly accommodative financial conditions, and adaptability of the private sector<sup>10</sup>.

In 2026, Hong Kong's economy is expected to maintain a steady and positive trajectory, embarking on a new chapter of high-quality development. According to recent research from the Bank of China, property-related investment has shown signs of a bottoming-out and rebound. Building on the momentum of 2025, Hong Kong's economy is projected to grow by around 2.8% in 2026, stepping into a new stage of high-quality development. For services trade, with the implementation of Hong Kong's series of tourist-attraction policies and the launch of various "mega-events," inbound tourism is poised for sustained recovery. Being an international transportation hub, Hong Kong's cross-border transportation volume will continue to increase. Coupled with the further expansion of financial and related business services, these factors will jointly drive continued growth in Hong Kong's services trade in 2026<sup>11</sup>.

2026 marks the first year of China's 15th Five-Year Plan and the development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) will enter a period of full acceleration. On the other hand, the Hong Kong Government has launched various funding schemes to encourage AI technological innovation and industrial development. The rapid development of the innovation and technology industry will help Hong Kong form a globally competitive innovation industrial cluster, driving industrial upgrading and economic transformation in the region<sup>11</sup>. Developing these new growth drivers will help counterbalance challenges in the retail sector, which continues to face headwinds from changing consumer habits among both locals and visitors. As per the 2026-2027 Budget, Hong Kong's economic growth is expected to reach between 2.5% to 3.5%<sup>12</sup>, which indicates that the economy is resilient and continues to maintain a steady recovery.

<sup>10</sup> Source: Publications, International Monetary Fund, "World Economic Outlook UPDATE –"Global economy: Steady amid Divergent Forces", 19th January, 2026.

<sup>11</sup> Source: Market Information, Bank of China (Hong Kong) Limited, "Seeking Progress While Maintaining Stability — 2026 Hong Kong Economic Outlook", December 2025.

<sup>12</sup> Source: Budget Speech, The 2026-27 Budget, "Economic Outlook for 2026 and the Medium Term", 25th February, 2026.

## GROWTH STRATEGY

The REIT Manager's primary strategy is to maintain and grow a strong and balanced investment portfolio of hotels and hospitality-related properties. The REIT Manager intends to achieve its objective of long-term growth in distributions and in the net asset value per Unit through a combination of two core strategies as follows:

- Internal Growth Strategy: The core growth strategy for the hotel portfolio is to maximise value for Unitholders through pro-active asset management achieving higher total revenue, RevPAR and NPI performance; and
- External Growth Strategy: The core strategy for growing the portfolio of hotels is to selectively acquire additional hotel and other properties that meet the REIT Manager's investment criteria.

In evaluating potential acquisition opportunities, the REIT Manager will focus on the following criteria:

- The expected yield enhances returns to Unitholders;
- Target the first tier international gateway cities worldwide with a focus on Hong Kong and the Chinese Mainland on markets and locations in urban centres and popular resort areas with growth potential;
- Value-adding opportunities, e.g. properties that may be undermanaged or in need of capital investment and/or which may benefit from market re-positioning and the Regal brand and/or which may be extended or have other asset enhancement opportunities;
- Majority ownership of assets acquired; and
- Targeting income and cashflow generating properties.

While Regal REIT will focus on hotels and hospitality-related properties in Greater China, its investment scope also includes serviced apartments, offices and retail and entertainment complexes and the geographical scope goes beyond Greater China. Regal REIT's investment scope allows for flexibility in its growth through acquisition of, for example, mixed-use developments containing hotels, and other investment opportunities overseas.

The targeted properties may be unfinished and require furnishing and fit-out. However, the value of unfinished properties should, under the current terms of the Trust Deed, represent less than 10% of Regal REIT's gross asset value at the time of acquisition.

Subsequent to the relaxation of the REIT Code to allow REITs to undertake property development activities and invest in certain financial instruments and the relevant amendments to the Trust Deed, Regal REIT will be able to enjoy a larger degree of flexibility in its expanded investment scope.

The REIT Manager continues to actively evaluate opportunities in target markets, while remaining committed to the set investment criteria.

Regal REIT intends to hold its properties on a long-term basis. However, if in the future any hotel property no longer fits its investment objectives or when an attractive offer, given prevailing market conditions, is received, the REIT Manager may consider disposing of the property for cash, so that its investment capital can be redeployed according to the investment strategies outlined above.

## MATERIAL ACQUISITIONS OR DISPOSALS OF REAL ESTATE

Regal REIT did not enter into any real estate acquisition or disposal transactions during the year.

Subsequently after the year under review, Regal REIT has entered into a legally binding preliminary agreement on 20th March, 2026 with an independent third party for the sale of its entire equity interests in an intermediate holding company of the company that directly holds the Regal Oriental Hotel in Kowloon City, based on an agreed property value of HK\$1,518.0 million for the hotel property. Reference can be made to the related announcement dated 22nd March, 2026 as published by the REIT Manager for full details of this sale transaction.

## OTHER INVESTMENTS

Regal REIT did not engage or participate in any Property Development and Related Activities (as defined in the REIT Code) nor invest in any Relevant Investments (as defined in the REIT Code) and any real estate other than Non-qualified Minority-owned Properties (as defined in the REIT Code), including in all Qualified Minority-owned Properties (as defined in the REIT Code), during the year.

## BUY-BACK, SALE OR REDEMPTION OF UNITS

There were no buy-backs, sales or redemptions of Units during the year.

## EMPLOYEES

Regal REIT is managed by the REIT Manager and the Trustee. By contracting out such services, Regal REIT does not employ any staff in its own right.

## MAJOR REAL ESTATE AGENTS

Save for the RHIHL Lessee and/or the Hotel Manager which had been delegated to take the responsibility for the operation and management of the five Initial Hotels and the four iclub Hotels pursuant to the respective related lease agreements and the hotel management agreements, and as disclosed in this Annual Report, Regal REIT did not engage any real estate agents to conduct any services or work for the five Initial Hotels and the four iclub Hotels during the year.

## MAJOR CONTRACTORS

In 2025, the aggregate value of service contracts of the top three contractors engaged by Regal REIT and their respective value of services rendered and percentages in terms of property and hotel operating expenses were as follows:

Contractors	Nature of Services	Value of Services HK\$'000	Percentage
Regal Hotels International Limited	iclub Wan Chai Hotel management fees	1,445	6.8%
Regal Hotels International Limited	Marketing fees	325	1.5%
Paliburg Estate Management Limited	Building management fees	632	3.0%
		<u>2,402</u>	<u>11.3%</u>

Save for the above three transaction areas, there were no other major contractors engaged by Regal REIT during the year.

## **SUSTAINABILITY REPORT**

The 2025 Sustainability Report of Regal REIT will be published as a separate report in due course.

## **ANNUAL GENERAL MEETING**

An Annual General Meeting of Regal REIT (the “2026 AGM”) will be convened on Tuesday, 19th May, 2026. Relevant notice of the Meeting will be published and sent to the Unitholders, together with this Annual Report.

### **Closure of Register of Unitholders**

For the purpose of ascertaining Unitholders’ entitlement to attend and vote at the 2026 AGM, the Register of Unitholders will be closed from Thursday, 14th May, 2026 to Tuesday, 19th May, 2026, both days inclusive, during which period no transfers of Units will be effected. In order to be entitled to attend and vote at the 2026 AGM, all Unit certificates with completed transfer forms must be lodged with Regal REIT’s Unit registrar, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Wednesday, 13th May, 2026.

On behalf of the Board

**Regal Portfolio Management Limited**

(as the REIT Manager of Regal REIT)

**Johnny Chen Sing Hung and Simon Lam Man Lim**

*Executive Directors*

Hong Kong, 30th March, 2026

## DIRECTOR AND EXECUTIVE OFFICER PROFILES

### DIRECTOR PROFILES

**Mr. Lo Yuk Sui**, aged 81, Chairman and Non-executive Director – Mr. Lo was appointed as the Chairman and Non-executive Director of the REIT Manager in 2006. He is an executive director, the chairman and chief executive officer of Regal Hotels International Holdings Limited (“RHIHL”) of which Regal REIT is a listed subsidiary. He has held the position as the chairman and managing director of RHIHL since 1989 when RHIHL was established in Bermuda as the holding company for the RHIHL group and was designated as chief executive officer in 2007. He has been the managing director and chairman of the predecessor listed company of the RHIHL group since 1984 and 1987, respectively. He is also an executive director, the chairman and chief executive officer of Century City International Holdings Limited (“CCIHL”) and Paliburg Holdings Limited (“PHL”), of which Regal REIT is a listed subsidiary, and Cosmopolitan International Holdings Limited (“Cosmopolitan”), of which Regal REIT is a listed fellow subsidiary. Mr. Lo oversees the overall policy and decision making of the CCIHL group. He is a qualified architect. Mr. Lo is the father of Ms. Lo Po Man and Mr. Jimmy Lo Chun To.

**Ms. Lo Po Man**, aged 46, Vice Chairman and Non-executive Director – Ms. Lo was appointed as a Non-executive Director of the REIT Manager in 2012 and elected as the Vice Chairman of the REIT Manager in 2013. She graduated from Duke University, North Carolina, U.S.A. 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. Ms. Lo 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 a Chair of the Asia Pacific Green Deal for Business Committee. She is an executive director and a vice chairman of CCIHL and Cosmopolitan, an executive director of PHL, and an executive director, a vice chairman and the managing director of RHIHL. Ms. Lo primarily oversees the operation of the RHIHL group’s hotel business and, in addition, oversees corporate investments and business development of the CCIHL group. Ms. Lo is the daughter of Mr. Lo Yuk Sui and the sister of Mr. Jimmy Lo Chun To.

**Mr. Johnny Chen Sing Hung**, aged 58, Executive Director and Responsible Officer – Mr. Chen joined the REIT Manager as the Director – Asset Management and was appointed as an Executive Director in 2014. Mr. Chen is responsible for, among other things, overseeing and managing the asset management activities of Regal REIT and, jointly with Mr. Simon Lam Man Lim, for making disclosures and communications of Regal REIT to investors. Mr. Chen holds a Master of Business Administration degree, a Bachelor of Administrative Studies degree and a Bachelor of Arts degree (major in mathematics for commerce). He is a Fellow member of the Hong Kong Institute of Directors, a former member of the Chinese People’s Political Consultative Conference, Yuexiu District, Guangzhou City, China, and a Fellow member of Hong Kong Securities and Investment Institute. Mr. Chen has over 30 years of business development, trading, property investment, development and management experience. Prior to joining the REIT Manager, Mr. Chen was the Vice President - Business Development of Century City Holdings Limited, a subsidiary of CCIHL, from May 2013 to July 2014. Prior to that, he held various management and controller positions in different major Hong Kong companies and multinational corporations, including Silver Base Group Holdings Limited, Faithful Trading (H.K.) Ltd, Gome Home Appliances (HK) Limited and Chevalier Group.

**Mr. Lam Man Lim (Alias: Simon)**, aged 69, Executive Director and Responsible Officer – Mr. Lam joined the REIT Manager as the Director of Finance and Investment and Investor Relations in 2010. He was appointed as an Executive Director in 2011. Mr. Lam is responsible for, among other things, overseeing and managing the finance, accounting and investment activities of Regal REIT. He is also responsible, jointly with Mr. Johnny Chen Sing Hung, for making the disclosures and communications of Regal REIT to investors. Mr. Lam holds a Master of Business Administration degree and is a Fellow member of The Hong Kong Institute of Certified Public Accountants and an associate member of The Chartered Institute of Management Accountants. Mr. Lam has over 40 years of finance and commercial experience in various business sectors and industries. Prior to that, he held executive financial and investment management positions in Hong Kong listed companies and multinational corporations, including Binhai Investment Company Limited, Link Asset Management Limited (the REIT manager of Link REIT), Johnson Electric, Motorola Asia Pacific Limited and Philips Electronics Group.

**Mr. Bowen Joseph Leung Po Wing, GBS, JP**, aged 76, Independent Non-executive Director – Mr. Leung was appointed as an Independent Non-executive Director of the REIT Manager in 2016. 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 a Director of the Beijing Office. Mr. Leung has extensive experience in corporate leadership and public administration. During his tenure as a Director of the Beijing Office, he made commendable efforts in promoting Hong Kong in the Chinese Mainland, as well as fostering closer links and co-operation between Hong Kong and the Chinese Mainland. Mr. Leung is an independent non-executive director and a member of the audit committee for PHL, which is listed on the HK Stock Exchange.

**Mr. Lo Chun To (Alias: Jimmy)**, aged 52, Non-executive Director – Mr. Lo was appointed as a Non-executive Director of the REIT Manager in 2006. He is an executive director and a vice chairman of CCIHL, an executive director, the vice chairman and the managing director of PHL, an executive director, a vice chairman and the managing director of Cosmopolitan and an executive director of RHIHL. He graduated from Cornell University, New York, U.S.A. with a Bachelor of Architecture degree. He is primarily involved in overseeing the property projects of the PHL Group and, in addition, undertakes responsibilities in the business development of the CCIHL group. He is the son of Mr. Lo Yuk Sui and the brother of Ms. Lo Po Man.

**Mr. Ng Kwai Kai (Alias: Kenneth)**, aged 71, Non-executive Director – Mr. Ng was appointed as a Non-executive Director of the REIT Manager in 2012. He is a Chartered Secretary. He is currently an executive director and the chief operating officer of CCIHL and an executive director of PHL, RHIHL and Cosmopolitan. Mr. Ng is in charge of the corporate finance, company secretarial and administrative functions of CCIHL group.

**Mr. Kai Ole Ringenson**, aged 76, Independent Non-executive Director – Mr. Ringenson was redesignated as an Independent Non-executive Director of the REIT Manager in 2012 and further redesignated as Lead Independent Non-executive Director in 2025. He was the Chief Executive Officer and the sole Executive Director of the REIT Manager in 2006 and a Responsible Officer of the REIT Manager in 2007 until he became a Non-executive Director in March 2010. He has extensive experience in international hotel management and asset management. He has managed hotels in Asia, Europe and the United States and has managed numerous hotel turn-around situations. He obtained a Bachelor of Science (Hotel) degree from Cornell University, New York, U.S.A.. He joined the RHIHL group in 2001 and was an executive director of RHIHL and the chief operating officer of Regal Hotels International Limited, a wholly-owned subsidiary of RHIHL, from 2002 until he became a non-executive director of RHIHL in 2004. He resigned as a non-executive director of RHIHL in 2006 to become the sole Executive Director and Chief Executive Officer of the REIT Manager in 2006.

**Mr. Abraham Shek Lai Him (Alias: Abraham Razack), GBS, JP**, aged 80, Independent Non-executive Director – Mr. Shek was appointed as an Independent Non-executive Director of the REIT Manager in 2006. He holds a Bachelor of Arts degree from the University of Sydney and a Juris Doctor degree from City University of Hong Kong. He 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 court member of Hong Kong Metropolitan University. He is the former member of the Legislative Council of the Hong Kong Special Administrative Region. Mr. Shek is the chairman and a non-executive director of JY Grandmark Holdings Limited, the honorary chairman, an independent non-executive director and the chairman of audit committee of Chuang's China Investments 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 the chairman of the audit committee of Chuang's Consortium International Limited, an independent non-executive director and a member of the audit committee of Cosmopolitan, CSI Properties Limited, CTF Services Limited, Everbright Grand China Assets Limited, Far East Consortium International Limited, Hao Tian International Construction Investment Group Limited, PHL and Shin Hwa World Limited, an independent non-executive director of Alliance International Education Leasing Holdings Limited and Lai Fung Holdings Limited, all of which are companies listed on the HK Stock Exchange. He is also an independent non-executive director and the chairman of the audit committee of Eagle Asset Management (CP) Limited which is the manager of Champion Real Estate Investment Trust, the units of which are listed on the HK Stock Exchange.

## EXECUTIVE OFFICER PROFILES

**Ms. Peony Choi Ka Ka**, Senior Executive Manager, Company Secretary and Responsible Officer – Ms. Choi joined the REIT Manager in 2006 as the Compliance Manager and Company Secretary and was further appointed as Senior Executive Manager and Responsible Officer in 2022. Ms. Choi is responsible for, among other things, overseeing and managing the compliance and company secretarial functions of Regal REIT and, jointly with Mr. Johnny Chen Sing Hung and Mr. Simon Lam Man Lim, for overseeing the asset management of the property portfolio and participating in the investment management activities of Regal REIT. Ms. Choi holds a Bachelor of Laws degree and a Master of Arts degree in Professional Accounting and Information Systems. Ms. Choi is also an associate member of The Chartered Governance Institute and The Hong Kong Chartered Governance Institute. Ms. Choi has over 20 years of industry experience in compliance, corporate governance and company secretarial matters as well as asset management of Regal REIT.

**Ms. Charlotte Cheung Wing Shan**, Internal Auditor – Ms. Cheung is responsible for, among other things, reviewing the accuracy and completeness of records of the operations and transactions of Regal REIT and ensuring that the risk management and internal control systems function properly and effectively and, jointly with Ms. Peony Choi Ka Ka, for reviewing the policies and procedures for the management and operation of Regal REIT. Before joining the REIT Manager, she worked in an international audit firm where she provided audit services to local and multinational companies in a variety of industries including listed companies. She is familiar with internal audit matters and internal control systems for companies in various business sectors. She holds a Bachelor of Business Administration degree majoring in Professional Accountancy and a Master of Laws degree. She is an associate member of the Hong Kong Institute of Certified Public Accountants and a Certified ESG Planner (CEP)<sup>®</sup>.

## CORPORATE GOVERNANCE REPORT

Regal REIT is committed to maintaining the highest level of corporate governance practices and procedures. The REIT Manager has adopted a compliance manual for use in relation to the management and operation of Regal REIT (the "Compliance Manual") which sets out the key processes, internal control and systems, and policies and procedures to guide operations and, thereby, set a high standard of corporate governance to ensure relevant regulations and legislation are adhered to. Set out below is a summary of the key components of the corporate governance policies that have been adopted and complied with by the REIT Manager and Regal REIT.

### AUTHORISATION STRUCTURE

Regal REIT is a collective investment scheme authorised by the SFC under section 104 of the SFO and regulated by the provisions of the REIT Code and constituted by the Trust Deed.

The REIT Manager is licensed by the SFC under the SFO to conduct regulated activities related to asset management. During the year under review, Mr. Johnny Chen Sing Hung, Mr. Simon Lam Man Lim and Ms. Peony Choi Ka Ka acted as the Responsible Officers of the REIT Manager.

The Trustee is registered as a trust company and is qualified to act as a trustee for collective investment schemes authorised under the SFO pursuant to the REIT Code.

### ROLES OF THE TRUSTEE AND THE REIT MANAGER

The Trustee is responsible under the Trust Deed for the safe custody of the assets of Regal REIT for the benefit of the Unitholders as a whole and oversees the activities of the REIT Manager for compliance with the Trust Deed and regulatory requirements.

The REIT Manager was appointed under the Trust Deed to manage Regal REIT and, in particular, to ensure that the financial and economic aspects of Regal REIT's assets are professionally managed in the sole interests of the Unitholders.

The Trustee and the REIT Manager are functionally independent of each other.

Under the regulatory regime of the SFC by classifying eight core functions, each of the core functions has been assigned to designated management personnel as Managers-in-charge (MIC) as set out below.

<b>Core functions</b>	<b>MICs</b>
1. Overall Management Oversight	<ul style="list-style-type: none"><li>• Executive Director – Finance</li><li>• Executive Director – Asset Management</li></ul>
2. Key Business Line	<ul style="list-style-type: none"><li>• Executive Director – Finance</li><li>• Executive Director – Asset Management</li><li>• Senior Executive Manager</li></ul>
3. Operational Control and Review	<ul style="list-style-type: none"><li>• Executive Director – Finance</li><li>• Executive Director – Asset Management</li><li>• Internal Auditor</li></ul>
4. Risk Management	<ul style="list-style-type: none"><li>• Internal Auditor</li></ul>
5. Finance and Accounting	<ul style="list-style-type: none"><li>• Executive Director – Finance</li><li>• Accounting Manager</li></ul>
6. Information Technology	<ul style="list-style-type: none"><li>• Executive Director – Finance</li></ul>
7. Compliance	<ul style="list-style-type: none"><li>• Senior Executive Manager</li></ul>
8. Anti-Money Laundering and Counter-Terrorist Financing	<ul style="list-style-type: none"><li>• Executive Director – Finance</li><li>• Executive Director – Asset Management</li></ul>

## BOARD OF DIRECTORS OF THE REIT MANAGER

### Functions of the Board

The board of directors of the REIT Manager (the “Board”) is responsible for overseeing the overall corporate governance of the REIT Manager and the day-to-day management of the REIT Manager’s affairs and the conduct of its business. The Board has established a framework for the management of Regal REIT, including systems of internal control and business risk management processes.

The Board is also responsible for ensuring the REIT Manager discharges its duties under the Trust Deed which includes but is not limited to managing Regal REIT in accordance with the Trust Deed in the best interests of the Unitholders; ensuring sufficient oversight of the daily operations and financial conditions of Regal REIT; monitoring that the REIT Manager and Regal REIT are in compliance with the licensing and authorisation conditions and any other legal and regulatory requirements.

All material policies and decisions remain within the authority of the Board as a whole. Subject to the matters specifically reserved to the Board as set out in the Compliance Manual, the Board delegates certain management and supervisory functions to the management team and relevant committees of the Board.

### Board Composition and Board Diversity

With the objective of creating a Board structure that is both effective and balanced, the size of the Board was set to provide for a minimum of five directors and a maximum of twenty directors. Pursuant to a specific REIT Manager corporate governance policy, independent non-executive directors must be individuals who fulfill the independence criteria as set out in the Compliance Manual.

The composition of the Board is determined using the following key principles:

- the Chairman of the Board must be a Non-executive Director of the REIT Manager;
- at least one-third of the Board should be Independent Non-executive Directors with a minimum of three Independent Non-executive Directors; and
- the Board must comprise Directors with a broad range of commercial experience including expertise in hotel investment and management, in fund and asset management and/or in the property industry.

The nomination committee of the REIT Manager (the “Nomination Committee”) is responsible for the review of the composition of the Board regularly to ensure that the Board has the appropriate mix of expertise and experience, and that the Directors being appointed have the relevant expertise and experience in discharging their duties. A Board Diversity Policy has been adopted to set out the policies for designing the composition of the Board, aiming to achieve diversity with balanced skills and expertise. In reviewing the composition and diversity of the Board, the Nomination Committee and the Board has to be satisfied that different aspects of diversity as set out in the Board Diversity Policy, including but not limited to age, gender, ethnicity, cultural and educational background, professional acumen, industry experience as well as knowledge of Regal REIT’s businesses and operations, which has been achieved during the year.

The Board presently comprises two Executive Directors, four Non-executive Directors and three Independent Non-executive Directors. The positions of Chairman and Executive Directors are held by different persons in order to maintain an effective segregation of duties. Mr. John William Crawford, JP, an Independent Non-executive Director of the REIT Manager, passed away on 13th May, 2025. Mr. Kai Ole Ringenson has designated as Lead Independent Non-executive Director of the REIT Manager with effect from 3rd December, 2025.

The Board comprises the following members:

<b>Members of the Board</b>	<b>Gender</b>	<b>Age</b>	<b>Length of Service (years)</b>
<i>Chairman and Non-executive Director</i> Lo Yuk Sui	Male	81	20
<i>Vice Chairman and Non-executive Director</i> Lo Po Man	Female	46	13
<i>Executive Directors</i> Johnny Chen Sing Hung	Male	58	11
Simon Lam Man Lim	Male	69	14
<i>Non-executive Directors</i> Jimmy Lo Chun To	Male	52	20
Kenneth Ng Kwai Kai	Male	71	13
<i>Independent Non-executive Directors</i> Kai Ole Ringenson	Male	76	20
Bowen Joseph Leung Po Wing, GBS, JP	Male	76	9
Abraham Shek Lai Him, GBS, JP	Male	80	20

The members of the Board have the following industrial experience and professional knowledge in discharging their duties:

- Hotel and property development and management
- Corporate management
- Architectural
- Financial and audit
- Environmental, social and governance
- Public administrative services
- Legal and compliance

The Board currently has one female Director out of nine Directors and is committed to improving gender diversity as and when suitable candidates are identified.

The personal and biographical details of the Directors, including the relationship among them, are disclosed in the preceding section “Director and Executive Officer Profiles” contained in this Annual Report.

### **Appointment and Removal of Directors**

The appointment and removal of Directors is a matter for the Board and the shareholder of the REIT Manager to determine in accordance with the provisions of the Compliance Manual and the Articles of Association of the REIT Manager. All Directors (including Non-executive Directors and Independent Non-executive Directors) of the REIT Manager were not appointed for specific terms but, in accordance with the Compliance Manual, the maximum term of an Independent Non-executive Director is nine years. If an Independent Non-executive Director has served on the Board for more than nine years, his/her further appointment will be subject to a separate resolution to be approved by Unitholders.

Directors may be nominated for appointment and/or removal by the Board following recommendations made by the Nomination Committee. In considering persons for appointment as Directors, the Board will consider a number of matters as set out in the Compliance Manual in assessing whether such persons are fit and proper to be Directors.

### **Directors’ Time Commitments**

During the year ended 31st December, 2025, each of the Directors has spent sufficient time and attention to the affairs of Regal REIT.

### **Directors’ Interests in Transactions, Arrangements or Contracts**

Save as otherwise disclosed, there were no transactions, arrangements or contracts of significance subsisting during or at the end of the reporting period in which a Director or an entity connected with a Director is or was materially interested, either directly or indirectly.

None of the Directors had a service contract, which is not determinable within one year without payment of compensation (other than statutory compensation), with Regal REIT or any of its subsidiaries during the year.

## Conflicts of Interest

The REIT Manager has instituted the following policies to deal with issues of conflict of interest:

- (i) The REIT Manager is a dedicated manager to Regal REIT and will not manage any other real estate investment trusts or be involved in any other real property businesses.
- (ii) All of the Executive Officers will be employed by the REIT Manager on a full time basis and will not maintain any other roles apart from their roles within the REIT Manager.
- (iii) All connected party transactions are to be managed in accordance with the provisions set out in the Compliance Manual.
- (iv) Where any Director or executive officer has a material interest in any transaction relating to Regal REIT or the REIT Manager which gives rise to an actual or potential conflict of interest in relation to such transaction, he or she shall not advise on or deal in relation to such transaction unless he or she has disclosed such material interest or conflict to the Board and has taken all reasonable steps to ensure fair treatment of both the REIT Manager and Unitholders.

## Permitted Indemnity Provision

A permitted indemnity provision for the benefits of the Directors of the REIT Manager is currently in force and was in force throughout the year. During the year under review, appropriate investment management insurance has been taken out and maintained for providing appropriate cover for the Directors and officers of the REIT Manager.

## Independence of Independent Non-executive Directors

The REIT Manager has received from each of the three Independent Non-executive Directors of the REIT Manager an annual confirmation of independence pursuant to the "Criteria for Independence of INEDs" as set out in the Compliance Manual, on terms no less exacting than those set out in the Listing Rules, for assessing the independence of a Non-executive Director. The REIT Manager considered that all these Independent Non-executive Directors are independent.

## Mechanisms for Ensuring Independent Views and Input

During the year, the following mechanisms were in place and remain effective in ensuring independent views and input were available to the Board:

- (i) A sufficient number of three Independent Non-executive Directors (representing at least one-third of the Board) having extensive experience and in-depth knowledge continuing to provide independent views and input to the Board on the business affairs of Regal REIT and at least one of these Directors has appropriate accounting or related financial management expertise.
- (ii) The Nomination Committee assesses the independence of each Independent Non-executive Directors on an annual basis and the reappointment of any long-serving Independent Non-executive Director is subject to the approval of the Unitholders at the annual general meeting by way of ordinary resolution.
- (iii) Policy and procedures are in place to avoid any potential conflict of interests. Any Director who has a material interest in any transaction relating to Regal REIT or the REIT Manager shall abstain from voting on any Board resolution approving the same.
- (iv) The Chairman meets the Independent Non-executive Directors without presence of other Directors to provide an effective platform for the Independent Non-executive Directors to express independent views to the Chairman on various issues concerning Regal REIT.
- (v) The Board and its committees are entitled to seek independent professional advice on issues relevant to Regal REIT from external professional consultants and advisors as deemed necessary.

## Changes of Information of Directors

Subsequent to publication of the 2025 Interim Report of Regal REIT, the REIT Manager was informed of the following changes of Directors' information:

Name of Directors	Details of changes
Mr. Kenneth Ng Kwai Kai	- Ceased to act as the member of the Nomination Committee of the REIT Manager with effect from 1st April, 2026.
Ms. Lo Po Man	- Appointed as the member of the Nomination Committee of the REIT Manager with effect from 1st April, 2026.
Mr. Bowen Joseph Leung Po Wing, GBS, JP	- Resigned as an independent non-executive director of Quali-Smart Holdings Limited, a company listed on the HK Stock Exchange, with effect from 30th January, 2026.
Mr. Abraham Shek Lai Him, GBS, JP	- Resigned as an independent non-executive director of China Resources Building Materials Technology Holdings Limited, a company listed on the HK Stock Exchange, with effect from 24th October, 2025.

## Continuous Professional Development of Directors

During the year under review, the Directors have participated in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. According to the training records provided by the Directors, a summary of Directors' participation in training during the year under review is as follows:

Names of Directors	Trainings*
<i>Chairman and Non-executive Director</i>	
Lo Yuk Sui	√
<i>Vice Chairman and Non-executive Director</i>	
Lo Po Man	√
<i>Executive Directors</i>	
Johnny Chen Sing Hung	√
Simon Lam Man Lim	√
<i>Non-executive Directors</i>	
Jimmy Lo Chun To	√
Kenneth Ng Kwai Kai	√
<i>Independent Non-executive Directors</i>	
Kai Ole Ringenson	√
Bowen Joseph Leung Po Wing, GBS, JP	√
Abraham Shek Lai Him, GBS, JP	√

\* This includes attending briefings/seminars/conferences/forums and self-reading/studying training or other materials.

## Meetings

The Board conducts regular meetings and generally meets no less than four times in each financial year, at approximate quarterly intervals, to discuss and decide on major corporate, strategic, business and operational issues. Appropriate and sufficient information is provided to the members of the Board in a timely manner in order to enable them to discharge their duties.

Four full Board meetings of the REIT Manager and one general meeting of the Unitholders were held during the year ended 31st December, 2025 and the attendance rates of individual Board members were as follows:

<b>Names of Directors</b>	<b>Attendance/ No. of General Meeting</b>	<b>Attendance/ No. of Board Meetings</b>
<i>Chairman and Non-executive Director</i>		
Lo Yuk Sui	1/1	4/4
<i>Vice Chairman and Non-executive Director</i>		
Lo Po Man	1/1	4/4
<i>Executive Directors</i>		
Johnny Chen Sing Hung	1/1	4/4
Simon Lam Man Lim	1/1	4/4
<i>Non-executive Directors</i>		
Jimmy Lo Chun To	1/1	4/4
Kenneth Ng Kwai Kai	1/1	4/4
<i>Independent Non-executive Directors</i>		
John William Crawford, JP*	N/A	0/1
Kai Ole Ringenson	1/1	4/4
Bowen Joseph Leung Po Wing, GBS, JP	1/1	4/4
Abraham Shek Lai Him, GBS, JP	1/1	4/4

\* (passed away on 13th May, 2025)

## AUDIT COMMITTEE

The audit committee of the REIT Manager (the "Audit Committee") was established with specific terms of reference that deal with its authority and duties.

The Audit Committee comprises the following Directors:

### *Independent Non-executive Directors*

Kai Ole Ringenson (Chairman of the Committee)

Bowen Joseph Leung Po Wing, GBS, JP

Abraham Shek Lai Him, GBS, JP

### *Non-executive Director*

Kenneth Ng Kwai Kai

The Audit Committee is responsible for, among other matters, (a) reviewing the completeness, accuracy, clarity and fairness of Regal REIT's financial statements; (b) considering the scope, approach and nature of both internal and external audit reviews; (c) the overall adequacy of risk management and internal control measures; (d) reviewing and monitoring connected party transactions; and (e) nominating the external auditor including the approval of the remuneration, reviewing the adequacy of external audits and guiding management to take appropriate actions to remedy faults or deficiencies in any issues of internal control which may be identified.

In addition to informal or ad hoc meetings and discussions, three formal Audit Committee meetings of the REIT Manager were held during the year ended 31st December, 2025 to consider and review, among other things, the 2024 final results, the 2025 interim results, the internal audit reports, the connected party transactions, the risk management and internal control systems, the effectiveness of the internal audit function, the annual budgets and forecasts and other compliance matters of Regal REIT. The attendance rates of the individual members were as follows:

<b>Names of Audit Committee Members</b>	<b>Attendance/ No. of Meetings</b>
John William Crawford, JP (Former Chairman of the Committee)*	1/1
Kai Ole Ringenson (New Chairman of the Committee)#	3/3
Bowen Joseph Leung Po Wing, GBS, JP	3/3
Abraham Shek Lai Him, GBS, JP	3/3
Kenneth Ng Kwai Kai	3/3

\* (passed away on 13th May, 2025)

# (appointed as the Chairman of the Committee on 12th June, 2025)

## DISCLOSURE COMMITTEE

The disclosure committee of the REIT Manager (the "Disclosure Committee") is responsible for, among other matters, reviewing all areas relating to the regular, urgent and forward looking disclosures of information to Unitholders and public announcements.

The Disclosure Committee comprises the following Directors:

### *Independent Non-executive Directors*

Kai Ole Ringenson (Chairman of the Committee)

### *Executive Directors*

Johnny Chen Sing Hung

Simon Lam Man Lim

### *Non-executive Directors*

Kenneth Ng Kwai Kai

Two formal Disclosure Committee meetings of the REIT Manager were held during the year ended 31st December, 2025 to consider and review, among other things, the 2024 final results announcement, the 2024 annual report, the 2025 interim results announcement, the 2025 interim report, discloseable transaction and other corporate disclosure issues of Regal REIT. The attendance rates of the individual members were as follows:

<b>Names of Disclosure Committee Members</b>	<b>Attendance/ No. of Meetings</b>
John William Crawford, JP (Former Chairman of the Committee)*	1/1
Kai Ole Ringenson (New Chairman of the Committee)#	2/2
Johnny Chen Sing Hung	2/2
Simon Lam Man Lim	2/2
Kenneth Ng Kwai Kai	2/2

\* (passed away on 13th May, 2025)

# (appointed as the Chairman of the Committee on 12th June, 2025)

## NOMINATION COMMITTEE

The Nomination Committee of the REIT Manager was established with specific terms of reference that deal with its authority and duties. The Nomination Committee is responsible for, among other matters, (a) the making of recommendations to the Board on relevant matters relating to the appointment and reappointment of Directors and succession planning for Directors; (b) the assessment of the independence of the Independent Non-executive Directors; (c) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the strategy of Regal REIT's corporate strategy; (d) identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; and (e) monitoring the implementation and reviewing the Board Diversity Policy of the REIT Manager.

Mr. Kenneth Ng Kwai Kai, a Non-executive Director of the REIT Manager, has ceased to act as a member of the Nomination Committee and Ms. Lo Po Man, currently a Non-executive Director of the REIT Manager, has been appointed as a new member of the Nomination Committee, both with effect from 1st April, 2026 for the purpose to enhance the gender diversity of the Nomination Committee. The Nomination Committee comprises the following Directors:

### *Non-Executive Directors*

Lo Yuk Sui (Chairman of the Committee)

Lo Po Man

### *Independent Non-executive Directors*

Kai Ole Ringenson

Bowen Joseph Leung Po Wing, GBS, JP

Abraham Shek Lai Him, GBS, JP

One formal Nomination Committee meeting of the REIT Manager was held during the year ended 31st December, 2025 to, among other things, make the recommendations to the Board on relevant matters relating to the the long serving Independent Non-executive Directors and review the structure, size, composition and diversity of the Board and the Board Committee and the Board Diversity Policy. The attendance rates of the individual members were as follows:

<b>Names of Nomination Committee</b>	<b>Attendance/ No. of Meeting</b>
Lo Yuk Sui (Chairman of the Committee)	1/1
Kenneth Ng Kwai Kai <sup>#</sup>	1/1
John William Crawford, JP <sup>*</sup>	N/A
Kai Ole Ringenson	1/1
Bowen Joseph Leung Po Wing, GBS, JP	1/1
Abraham Shek Lai Him, GBS, JP	1/1

<sup>#</sup> (ceased to be a member of the Committee with effect from 1st April, 2026)

<sup>\*</sup> (passed away on 13th May, 2025)

## AUDITOR'S REMUNERATION

The remuneration to Messrs. Ernst & Young, the external auditor of Regal REIT, in respect of the audit and non-audit services rendered for the year ended 31st December, 2025 were HK\$1.5 million (2024 - HK\$1.5 million) and HK\$0.6 million (2024 - HK\$0.6 million), respectively. The non-audit services included the interim review of the financial statements of Regal REIT for the six months ended 30th June, 2025, report of factual findings on connected party transactions, and compliance and other services to Regal REIT.

## EMPLOYEES AND WORKFORCE DIVERSITY

Regal REIT is managed by the REIT Manager and the Trustee. By contracting out such services, Regal REIT does not employ any staff in its own right and, therefore, no remuneration of Directors and staff of the REIT Manager is paid by Regal REIT. All remuneration payable to the Directors and staff of the REIT Manager is paid and borne by the REIT Manager out of its own resources.

Both the REIT Manager fees and the Trustee fees are paid by Regal REIT in accordance with the terms of the Trust Deed.

The REIT Manager is committed to ensuring that gender diversity is achieved in the workforce. As at 31st December 2025, the REIT Manager's senior management comprised 50% female and 50% male; while its other workforce (excluding senior management) maintained 83% female and 17% male. The REIT Manager considers that the existing level of gender diversity in its overall workforce continues to maintain a balanced diversity workforce.

## REPORTING AND TRANSPARENCY

Regal REIT prepares its financial statements in accordance with generally accepted accounting principles in Hong Kong and has a financial year ending 31st December with a financial half year period ending 30th June. In accordance with the REIT Code, the annual report and financial statements of Regal REIT are to be published and despatched to Unitholders no later than four months following each financial year end and the interim report no later than three months following each financial half year period end.

As required by the REIT Code, the REIT Manager ensures all public announcements of material information and developments with respect to Regal REIT are made on a timely basis in order to keep Unitholders apprised of the position of Regal REIT.

## UNITHOLDERS COMMUNICATION POLICY

The REIT Manager adopted the Unitholders Communication Policy to promote effective and comprehensive communications with Unitholders and the investment community with the aim of ensuring ready, equal and timely access to balanced and understandable information about Regal REIT. The Unitholders Communication Policy is reviewed on an annual basis to ensure its implementation and effectiveness.

During the year under review, Regal REIT's website was updated on a regular basis to maintain effective ongoing communications with Unitholders which enable Unitholders to access the latest Regal REIT information and Unitholders were also provided with opportunities to communicate with the Directors directly at the general meetings. Enquires from Unitholders and the investment community were responded to within specific timeframes and the Board is of the view that the Unitholders Communication Policy is effective.

## UNITHOLDERS' RIGHTS

Regal REIT will hold a general meeting each year as its annual general meeting in addition to any other meetings deemed necessary during the year. The Trustee or the REIT Manager may (and the REIT Manager will at the request in writing of not less than two Unitholders registered as together holding not less than 10% of the Units for the time being in issue and outstanding) at any time convene a meeting of the Unitholders. Such written requisition must state the purposes of the meeting, and be signed by the requisitioner(s) and deposited at the office of the REIT Manager at Unit No. 2001, 20th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong (for the attention of the Executive Directors). Notices convening an annual general meeting and other general meetings of Unitholders will be given to the Unitholders in accordance with the requirements of the Trust Deed, the REIT Code and the applicable Listing Rules, and such notices will specify the time and place of the meetings and the resolutions to be proposed.

Two or more Unitholders present in person or by proxy registered as holding together not less than 10% of the Units for the time being in issue and outstanding will form a quorum for the transaction of all business, except for the purpose of passing special resolutions. The quorum for passing a special resolution will be two or more Unitholders present in person or by proxy registered as holding together not less than 25% of the Units for the time being in issue and outstanding. At any meeting of the Unitholders, a resolution put to the meeting shall be decided on a poll.

In addition, Unitholders may also send written enquiries to the REIT Manager for putting forward any enquiries or proposals about Regal REIT to the Board at the abovementioned REIT Manager's office (for the attention of the Executive Directors).

### **MATTERS TO BE DECIDED BY THE UNITHOLDERS BY SPECIAL RESOLUTION**

Pursuant to the Trust Deed, decisions with respect to certain matters require specific prior approval of Unitholders by way of special resolution. Such matters include, among other things:

- (a) any change in the REIT Manager's investment policies/strategies for Regal REIT;
- (b) disposal of any real estate investment of Regal REIT or shares in any special purpose vehicles holding such real estate investment within two years of acquisition;
- (c) any increase in the rate of the REIT Manager fees above the permitted limit or any change in the structure of the REIT Manager fees;
- (d) any increase in the rate of the Trustee fees above the permitted limit or any change in the structure of the Trustee fees;
- (e) any increase in the rate of the acquisition fees above the permitted limit or any change in the structure of the acquisition fees;
- (f) any increase in the rate of the divestment fees above the permitted limit or any change in the structure of the divestment fees;
- (g) certain modifications of the Trust Deed;
- (h) termination of Regal REIT;
- (i) merger of Regal REIT;
- (j) removal of Regal REIT's external auditor; and
- (k) removal of the Trustee.

As stated above, the quorum for passing a special resolution is two or more Unitholders present in person or by proxy registered as holding together not less than 25% of the Units in issue and outstanding. A special resolution may only be passed by 75% or more of the votes of those present and entitled to vote in person or by proxy at a duly convened meeting and the votes shall be taken by way of poll.

## ISSUE OF FURTHER UNITS POST-LISTING

To minimise the possible material dilution of holdings of Unitholders, any further issues of Units need to comply with the pre-emption provisions contained in the REIT Code and the Trust Deed. Any further issues of Units must be first offered on a pro rata pre-emptive basis to all existing Unitholders except that Units may be issued, or agreed (conditionally or unconditionally) to be issued, in any financial year (whether directly or pursuant to any Convertible Instruments (as defined in the Trust Deed)), otherwise than on a pro rata basis to all existing Unitholders and without the approval of Unitholders subject to conditions as more particularly set out in the Trust Deed.

Any issue, grant or offer of Units or Convertible Instruments to a connected person of Regal REIT (the "Connected Person") will require specific prior approval of Unitholders by way of an Ordinary Resolution (as defined in the Trust Deed), unless such issue, grant or offer is made under the following circumstances (where, for the avoidance of doubt, no Unitholders' approval will be required):

- (i) the Connected Person receives a pro rata entitlement to Units and/or Convertible Instruments in its capacity as a Unitholder; or
- (ii) Units are issued to a Connected Person under Clauses 14.1.1 and/or 14.1.2 of the Trust Deed in or towards the satisfaction of the REIT Manager fees; or
- (iii) Units and/or Convertible Instruments are issued to a Connected Person within 14 days after such Connected Person has executed an agreement to reduce its holding in the same class of Units and/or Convertible Instruments by placing such Units and/or Convertible Instruments to or with any person(s) who is/are not its associate(s), provided always that (a) the new Units and/or Convertible Instruments must be issued at a price not less than the placing price (which may be adjusted for the expenses of the placing); and (b) the number of Units and/or Convertible Instruments issued to the Connected Person must not exceed the number of Units and/or Convertible Instruments placed by it; or
- (iv) the Connected Person is acting as underwriter or sub-underwriter of an issue or offer of Units or other securities by or on behalf of Regal REIT or any Special Purpose Vehicle (as defined in the Trust Deed), provided that:
  - (a) the issue or offer is made under and in accordance with Clause 5.1.6 of the Trust Deed; and
  - (b) the issue or offer is in compliance with any applicable provisions of the Listing Rules where a Connected Person is acting as an underwriter or sub-underwriter of an offer of shares or other securities by a listed company, with necessary changes being made, as if the provisions therein are applicable to real estate investment trusts; or
- (v) the excess application and the taking up of pro rata entitlements by the Connected Person in respect of a pro rata issue of Units and/or Convertible Instruments under Clause 5.1.6 of the Trust Deed or an open offer by Regal REIT on a pro rata basis; or
- (vi) Units are issued to a Connected Person pursuant to a reinvestment of a distribution in accordance with Clause 11.10 of the Trust Deed.

During the year, no new Units was allotted and issued.

## CODE GOVERNING DEALINGS IN UNITS BY DIRECTORS, THE REIT MANAGER OR SIGNIFICANT UNITHOLDERS

The REIT Manager has adopted the “Code Governing Dealings in Units by Directors or the REIT Manager” (the “Units Dealings Code”) governing dealings in the securities of Regal REIT by the Directors and the REIT Manager as set out in the Compliance Manual, on terms no less exacting than the required standards of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the “Model Code”). The Units Dealings Code may be extended to senior executives, officers and other employees of the REIT Manager as the Board may determine.

Pursuant to the Units Dealings Code, any Directors or the REIT Manager who wish to deal in the securities of Regal REIT must first have regard to the provisions of Parts XIII and XIV of the SFO with respect to insider dealing and market misconduct, as if the SFO applies to the securities of Regal REIT. In addition, a Director or the REIT Manager must not make any disclosures of confidential information or make any use of such information for the advantage of himself/itself or others.

Directors or the REIT Manager who are aware of or privy to any negotiations or agreements related to intended acquisitions or disposals which are designated transactions or connected party transactions under the REIT Code or notifiable transactions or connected transactions under the Listing Rules or any inside information must refrain from dealing in the Units as soon as they become aware of or privy to such information until proper disclosure thereof in accordance with the REIT Code and any applicable Listing Rules. Directors and the REIT Manager who are privy to relevant negotiations or agreements or any inside information should caution those Directors or the REIT Manager who are not so privy that there may be unpublished inside information and that they must not deal in Regal REIT’s securities for a similar period.

The REIT Manager has also adopted procedures for the monitoring of disclosures of interests by Directors and the REIT Manager. The relevant provisions of Part XV of the SFO shall be deemed to apply to the REIT Manager and the Directors of the REIT Manager and each Unitholder and all persons claiming through or thereunder.

Under the Trust Deed and by virtue of the deemed application of Part XV of the SFO, Unitholders with a holding of 5% or more of the Units will be required to notify the HK Stock Exchange, the REIT Manager and the Trustee of their holdings in Regal REIT. The REIT Manager shall keep a register for these purposes and it shall record in the register, against a person’s name, the particulars provided pursuant to the notification and the date of entry of such record. The said register shall be available for inspection at all times by the Trustee and any Unitholder.

Following specific enquiries, the Directors and the REIT Manager have confirmed that they have complied with the required standards under the Model Code and the Units Dealings Code during the year ended 31st December, 2025.

## RISK MANAGEMENT AND INTERNAL CONTROL

The REIT Manager has an internal audit function and procedures in place to provide independent assessments of the risk management and internal control systems and operational functions so as to identify, evaluate and manage significant risks, and review their adequacy and effectiveness on an ongoing basis. Such systems were designed to manage rather than to eliminate the risk of failure in achieving business objectives, and to provide reasonable and not absolute assurance against material misstatements or losses. The Internal Auditor of the REIT Manager prepares annual audit plans and conducts audit reviews focused on financial, operational and compliance controls of Regal REIT.

The Board acknowledges its responsibility for overseeing Regal REIT's risk management (including Environmental, Social and Governance risks) and internal control systems and compliance procedures and for reviewing the effectiveness of such systems. During the year, through the design, implementation and on-going reviews of the systems and updates by the internal auditor and related senior executives, the Audit Committee and the Board fulfilled its corporate governance role in financial, operational and compliance controls of Regal REIT in identifying any significant management and operational risks, control failings or weaknesses, and any control improvements in order to respond to changes in the business and external environment. The Board, through the Audit Committee, conducts annual reviews on the effectiveness of the risk management and internal control systems. Based on the audit plans, regular management reports and internal audit reviews, the Board ensures effective implementation of the risk management and internal control systems and compliance procedures to mitigate any damage arising from identified risks and control weaknesses. Management confirmed to the Audit Committee and the Board that the risk management and internal control systems were adequate and effective and no material deficiencies were noted during the year.

The Board, through the Audit Committee and the Disclosure Committee, has established policies and meets periodically, to ensure that inside information is disseminated to the public in an equal and timely manner in accordance with applicable laws and regulations.

## WHISTLEBLOWING AND ANTI-CORRUPTION POLICIES

The REIT Manager has adopted a Whistleblowing Policy to ensure that proper arrangements are put in place for employees and those who deal with the REIT Manager, Regal REIT and its subsidiaries to report any concerns, including suspected improprieties, misconducts or malpractices within the Group. The aim of the Whistleblowing Policy is to provide reporting channels and guidance on reporting possible improprieties in matters of financial reporting, internal control or other matters, and reassurance to whistleblowers of the protection that the Group will extend to them against unfair dismissal or victimisation for any genuine reports made under this Whistleblowing Policy.

Furthermore, the REIT Manager regards honesty, business integrity and fair play as core values of Regal REIT that must be upheld by all Directors and employees of the REIT Manager at all times. The REIT Manager has also adopted an Anti-corruption Policy which sets out the minimum standards of conducts and strictly prohibiting all Directors and employees of the REIT Manager from soliciting, accepting or offering any bribe in the course of business of the Group. All Directors and employees of the REIT Manager are required to comply with this Anti-corruption Policy. During the year, the REIT Manager was not aware of any incidents of non-compliance with laws and regulations in relation to anti-corruption.

## **DISTRIBUTION POLICY**

Pursuant to the Trust Deed and the REIT Code, the distribution policy of Regal REIT (the “Distribution Policy”) is to distribute to Unitholders not less than 90% of Regal REIT’s Total Distributable Income (subject to certain adjustments in accordance with the Trust Deed) for each financial year. In 2025, the REIT Manager has complied with the Distribution Policy.

Details of Regal REIT’s distribution for 2025 is set out in the section “Report of the REIT Manager” contained in this Annual Report.

## **EVENT AFTER THE REPORTING PERIOD**

Details of the significant event of the Group after the reporting period are set in note 32 to the financial statements.

## **SUFFICIENCY OF PUBLIC FLOAT**

As at 31st December, 2025, there were 3,257,431,189 Units in issue and listed on the main board of the HK Stock Exchange.

Based on the information that is publicly available and as far as the REIT Manager is aware, as at the date of this report, Regal REIT has maintained sufficient public float with more than 25% of the issued and outstanding Units being held by the public as required under the REIT Code and the Listing Rules.

## **COMPLIANCE**

Regal REIT and the REIT Manager have in material terms complied with the provisions of the Compliance Manual and, where applicable, the code provisions in the Corporate Governance Code as set out in Appendix C1 of the Listing Rules during the year.

## **REVIEW OF ANNUAL REPORT**

The Disclosure Committee and the Audit Committee of the REIT Manager have reviewed this Annual Report for the year ended 31st December, 2025, in conjunction with Regal REIT’s external auditor. This Annual Report was approved by the Board of the REIT Manager on 30th March, 2026.

The Directors of the REIT Manager acknowledge their responsibility for the preparation of a true and fair presentation of the financial statements of Regal REIT for the year ended 31st December, 2025 in accordance with the Hong Kong Financial Reporting Standards, the relevant provisions of the Trust Deed and the relevant disclosure requirements set out in the REIT Code.

The statement by the Regal REIT external auditor, Messrs. Ernst & Young, about their reporting responsibilities on the financial statements of Regal REIT for the year ended 31st December, 2025 is set out in the section “Independent Auditor’s Report” contained in this Annual Report.

## CONNECTED PARTY TRANSACTIONS

During the year under review, Regal REIT and the other companies or entities held or controlled by Regal REIT (collectively, the “Regal REIT Group”) entered into a number of continuing transactions with its connected persons (defined in paragraph 8.1 of the REIT Code), as listed below, which constitute connected party transactions of Regal REIT within the meaning of the REIT Code:

- (i) the REIT Manager and the other companies or entities held or controlled by Regal Hotels International Holdings Limited (“RHIHL”) (collectively, the “RHIHL Connected Persons Group”); and
- (ii) the Trustee and companies within the same group or otherwise “associated” with the Trustee (collectively, the “Trustee Connected Persons Group”).

### RHIHL CONNECTED PERSONS GROUP

#### (a) Initial Hotels Lease Agreements

Regal REIT (via Bauhinia Hotels Limited, Cityability Limited, Gala Hotels Limited, Regal Riverside Hotel Limited and Ricobem Limited, the direct owners of the Initial Hotels, respectively, (collectively, the “Initial Hotel – Property Companies” and each referred to as the “Initial Hotel – Property Company”)) entered into separate Initial Hotels Lease Agreements with Favour Link International Limited (the “RHIHL Lessee”) in relation to the leasing of the Initial Hotels on 16th March, 2007 (as may be amended from time to time) with lease terms expired on 31st December, 2020. On 20th December, 2019, each of the Initial Hotel – Property Companies entered into the supplemental lease agreement with the RHIHL Lessee to extend the leases (the “IH Lease Extensions”) for the Regal Airport Hotel to 27th December, 2028 and the other four Initial Hotels, namely, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel, to 31st December, 2030, (together, the “IH Extended Period”), with the market rental packages for the IH Extended Period continuing to be determined annually by a jointly appointed independent professional property valuer. As a result, the total lease term of each Initial Hotels Lease Agreement is now from 30th March 2007 to 27th December, 2028 (for the Regal Airport Hotel) and 31st December, 2030 (for the other four Initial Hotels). The abovementioned supplemental lease agreements were approved by the independent Unitholders at the extraordinary general meeting held on 15th January, 2020. References can be made to the related announcements dated 20th December, 2019 and 15th January, 2020 and the related circular to Unitholders dated 20th December, 2019, as published by the REIT Manager for further details of the IH Lease Extensions. The RHIHL Lessee is a member of the RHIHL Connected Persons Group.

During the year, the cash market rental income and other income under the Initial Hotels Lease Agreements amounted to approximately HK\$557.5 million.

#### (b) Initial Hotels Management Agreements

Under the terms of each Initial Hotels Lease Agreement, the RHIHL Lessee has delegated the operation and management of the relevant Initial Hotel to Regal Hotels International Limited (the “Hotel Manager”) by entering into the Initial Hotels Management Agreement with the Hotel Manager for a term of twenty years from 16th March, 2007. The RHIHL Lessee and the Hotel Manager are both members of the RHIHL Connected Persons Group.

Each Initial Hotel – Property Company is also a party to the Initial Hotels Management Agreement on terms including that, upon the expiry or termination of any Initial Hotels Lease Agreement, the Hotel Manager will continue to manage the relevant Initial Hotel in accordance with the Initial Hotels Management Agreement.

**(c) Initial Hotels Lease Guarantees**

RHIHL, a member of the RHIHL Connected Persons Group, has guaranteed to pay all amounts from time to time owing or payable by the RHIHL Lessee to the Initial Hotel – Property Companies under the Initial Hotels Lease Agreements by entering into the lease guarantees (as may be amended from time to time) (the “Initial Hotels Lease Guarantees”). The Initial Hotels Lease Guarantees also contain indemnities in respect of all guaranteed liabilities. On 20th December, 2019, the supplemental lease guarantees in respect of each Initial Hotels were entered into with the Trustee and RHIHL to make consequential amendments in light of the IH Lease Extensions, so that RHIHL’s obligation to maintain a third party guarantee can cover the IH Extended Period.

**(d) Initial Hotels Deed of Trade Mark Licence**

Regal International Limited, a member of the RHIHL Connected Persons Group, entered into a deed of trade mark licence with the REIT Manager and Regal REIT Group on 2nd March, 2007. Regal International Limited granted to the REIT Manager and each Initial Hotel – Property Company, inter alia, a non-exclusive and non-transferable licence to use its registered trade marks or service marks, in any jurisdiction where such marks are registered and free of any royalty, for the purpose of describing the ownership of each Initial Hotel and/or uses in connection with the business of each Initial Hotel.

**(e) Wan Chai Hotel Management Agreement**

On 20th December, 2019, Regal REIT (via Sonnix Limited (the “iclub Wan Chai Hotel – Property Company”)) entered into the Wan Chai Hotel Management Agreement with the Hotel Manager, a member of the RHIHL Connected Persons Group, in respect of the management of the business of the iclub Wan Chai Hotel for a term of ten years from 1st January, 2021 and expiring on 31st December, 2030 with a non-fault based early termination provision. The Wan Chai Hotel Management Agreement was approved by the independent Unitholders at the extraordinary general meeting held on 15th January, 2020. References can be made to the related announcements dated 20th December, 2019 and 15th January, 2020 and the related circular to Unitholders dated 20th December, 2019, as published by the REIT Manager for further details of the Wan Chai Hotel Management Agreement.

During the year, total management fees under the Wan Chai Hotel Management Agreement amounted to approximately HK\$1.4 million.

**(f) SW Lease Agreement**

Regal REIT (via Tristan Limited (the “iclub Sheung Wan Hotel – Property Company”)) entered into the SW Lease Agreement in relation to the leasing of the iclub Sheung Wan Hotel with the RHIHL Lessee, a member of the RHIHL Connected Persons Group, on 10th February, 2014, with lease term expired on 31st December, 2024. On 11th January, 2024, Regal REIT and the RHIHL Lessee entered into a supplemental deed amending the SW Lease Agreement to extend the lease term of ten years from 1st January, 2025 to 31st December, 2034 (the “SW Extended Period”), with the market rental packages for the extended lease term continuing to be determined annually by a jointly appointed independent professional property valuer (the “SW Lease Extension”). As a result, the total lease term of the SW Lease Agreement is now from 10th February, 2014 to 31st December, 2034. This supplemental lease agreement was approved by the independent Unitholders at the extraordinary general meeting held on 31st January, 2024. References can be made to the related announcements dated 11th January, 2024 and 31st January, 2024 and the related circular to Unitholders dated 11th January, 2024, as published by the REIT Manager for further details of the SW Lease Extension.

During the year, the market rental income under the SW Lease Agreement amounted to HK\$44.0 million.

**(g) SW Lease Guarantee**

RHIHL, a member of the RHIHL Connected Persons Group, has guaranteed to pay all amounts from time to time owing or payable by the RHIHL Lessee to the iclub Sheung Wan Hotel – Property Company under the SW Lease Agreement by entering into the lease guarantee (as may be amended from time to time) (the “SW Lease Guarantee”). On 11th January, 2024, a supplemental deed amending the SW Lease Guarantee was entered into with the Trustee and RHIHL to make consequential amendments in light of the SW Lease Extension, so that RHIHL’s obligation to maintain a third party guarantee can cover the SW Extended Period.

**(h) SW Hotel Management Agreement**

Regal REIT (via the iclub Sheung Wan Hotel – Property Company) entered into the SW Hotel Management Agreement with the Hotel Manager, a member of the RHIHL Connected Persons Group, in respect of the management of the business of the iclub Sheung Wan Hotel for a 10-year term commencing on 10th February, 2014. On 11th January, 2024, Regal REIT and the Hotel Manager entered into a supplemental deed amending the SW Hotel Management Agreement to extend its original expiry date (i.e., 9th February, 2024) to 31st December, 2034 with the inclusion of a new non-fault based early termination provision exercisable only by the lessor (the “SW HMA Extension”). This supplemental hotel management agreement was approved by the independent Unitholders at the extraordinary general meeting held on 31st January, 2024. References can be made to the related announcements dated 11th January, 2024 and 31st January, 2024 and the related circular to Unitholders dated 11th January, 2024, as published by the REIT Manager for further details of the SW HMA Extension.

**(i) FH Lease Agreement**

Regal REIT (via Wise Decade Investments Limited (the “iclub Fortress Hill Hotel – Property Company”)) entered into the FH Lease Agreement in relation to the leasing of the iclub Fortress Hill Hotel with the RHIHL Lessee, a member of the RHIHL Connected Persons Group, on 28th July, 2014, with lease term expired on 31st December, 2024. On 11th January, 2024, Regal REIT and the RHIHL Lessee entered into a supplemental deed amending the FH Lease Agreement to extend the lease term of ten years from 1st January, 2025 to 31st December, 2034 (the “FH Extended Period”), with the market rental packages for the extended lease term continuing to be determined annually by a jointly appointed independent professional property valuer (the “FH Lease Extension”). As a result, the total lease term of the FH Lease Agreement is now from 28th July, 2014 to 31st December, 2034. This supplemental lease agreement was approved by the independent Unitholders at the extraordinary general meeting held on 31st January, 2024. References can be made to the related announcements dated 11th January, 2024 and 31st January, 2024 and the related circular to Unitholders dated 11th January, 2024, as published by the REIT Manager for further details of the FH Lease Extension.

During the year, the market rental income under the FH Lease Agreement amounted to HK\$42.0 million.

**(j) FH Lease Guarantee**

RHIHL, a member of the RHIHL Connected Persons Group, has guaranteed to pay all amounts from time to time owing or payable by the RHIHL Lessee to the iclub Fortress Hill Hotel – Property Company under the FH Lease Agreement by entering into the lease guarantee (as may be amended from time to time) (the “FH Lease Guarantee”). On 11th January, 2024, a supplemental deed amending the FH Lease Guarantee was entered into with the Trustee and RHIHL to make consequential amendments in light of the FH Lease Extension, so that RHIHL’s obligation to maintain a third party guarantee can cover the FH Extended Period.

**(k) FH Hotel Management Agreement**

Regal REIT (via the iclub Fortress Hill Hotel – Property Company) entered into the FH Hotel Management Agreement with the Hotel Manager, a member of the RHIHL Connected Persons Group, in respect of the management of the business of the iclub Fortress Hill Hotel for a 10-year term commencing on 28th July, 2014. On 11th January, 2024, Regal REIT and the Hotel Manager entered into a supplemental deed amending the FH Hotel Management Agreement to extend its original expiry date (i.e., 27th July, 2024) to 31st December, 2034 with the inclusion of a new non-fault based early termination provision exercisable only by the lessor (the “FH HMA Extension”). This supplemental hotel management agreement was approved by the independent Unitholders at the extraordinary general meeting held on 31st January, 2024. References can be made to the related announcements dated 11th January, 2024 and 31st January, 2024 and the related circular to Unitholders dated 11th January, 2024, as published by the REIT Manager for further details of the FH HMA Extension.

**(l) TKW Lease Agreement**

Regal REIT (via Land Crown International Limited (the “iclub To Kwa Wan Hotel – Property Company”)) entered into the TKW Lease Agreement in relation to the leasing of the iclub To Kwa Wan Hotel with the RHIHL Lessee, a member of the RHIHL Connected Persons Group, on 4th September, 2017. The term of the TKW Lease Agreement expired on 3rd September, 2022, which is extendable at the option of Regal REIT for a further term to 31st December, 2027. On 29th December, 2021, pursuant to the terms of the TKW Lease Agreement, the iclub To Kwa Wan Hotel – Property Company (as the Lessor) exercised the option granted to it to extend the lease term for a further term, commencing from 4th September, 2022 and expiring on 31st December, 2027 (both days inclusive). On 8th June, 2022, the iclub To Kwa Wan Hotel – Property Company and the RHIHL Lessee entered into the supplemental deed amending the TKW Lease Agreement to formally effect the extension of the abovementioned lease term. Save for the extension of the lease term as mentioned above, all the other existing terms and conditions of the TKW Lease Agreement remain unchanged.

During the year, the market rental income under the TKW Lease Agreement amounted to approximately HK\$37.0 million.

### **(m) TKW Lease Guarantee**

Pursuant to a lease guarantee entered into on 4th September, 2017, RHIHL, a member of the RHIHL Connected Person Group, has guaranteed to pay all amounts from time to time owing or payable by the RHIHL Lessee to the iclub To Kwa Wan Hotel – Property Company under the TKW Lease Agreement.

### **(n) TKW Hotel Management Agreement**

Regal REIT (via the iclub To Kwa Wan Hotel – Property Company) entered into the TKW Hotel Management Agreement with the Hotel Manager, a member of the RHIHL Connected Persons Group, in respect of the management of the business of the iclub To Kwa Wan Hotel for a 10-year term commencing on 4th September, 2017.

### **REIT Manager Fees**

Regal Portfolio Management Limited, a member of the RHIHL Connected Persons Group, was appointed as the REIT Manager of Regal REIT. REIT Manager fees aggregating approximately HK\$93.0 million for such services rendered during the year were settled and/or are to be settled pursuant to the provisions of the Trust Deed.

## **TRUSTEE CONNECTED PERSONS GROUP**

Both the REIT Manager and the Trustee have confirmed that, other than those banking transactions of which the members of the Trustee Connected Persons Group acted as custodian and/or agent and conducted agency transactions with Regal REIT Group, there were no corporate finance transactions or other connected party transactions with the Trustee Connected Persons Group during the year.

### **Trustee Fees**

DB Trustees (Hong Kong) Limited, a member of the Trustee Connected Persons Group, was appointed as the Trustee of Regal REIT. Trustee fees aggregating approximately HK\$3.7 million were recorded during the year for services rendered in this capacity.

## **WAIVERS FROM STRICT COMPLIANCE WITH CERTAIN REQUIREMENTS UNDER THE REIT CODE**

At the time of authorisation of Regal REIT under section 104 of the SFO in March 2007 and from time to time thereafter, waivers from strict compliance with the disclosure and Unitholders' approval requirements under Chapter 8 of the REIT Code in respect of certain connected party transactions and/or continuing connected party transactions of Regal REIT (collectively, the "Waivers") were granted by the SFC. Some of the Waivers were subsequently applied, modified and/or extended, with the approval of the independent Unitholders where required. The terms and conditions pursuant to which the Waivers were granted and disclosed in the Offering Circular dated 19th March, 2007 and other related announcements and circulars in respect of the certain connected party transactions and/or continuing connected party transactions of Regal REIT described above issued by the REIT Manager from time to time.

During the year under review, Regal REIT has complied with the relevant terms and conditions of the Waivers and other relevant disclosure requirements in respect of the connected party transactions and/or continuing connected party transactions of Regal REIT as described above in accordance with the REIT Code and Chapter 14A of the Listing Rules (to the extent applicable to Regal REIT), respectively.

### **CONFIRMATION BY THE AUDITOR OF REGAL REIT**

Pursuant to the Listing Rules and all Waivers from strict compliance granted by the SFC as disclosed herein, the external auditor of Regal REIT, Ernst & Young, was engaged to report on findings of agreed-upon procedures performed in relation to the Regal REIT Group's continuing connected party transactions in accordance with Hong Kong Standard on Related Services 4400 (Revised) "Agreed-Upon Procedures Engagements" and with reference to terms and conditions set out in the Waivers from Strict Compliance and Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The external auditor issued the report on factual findings in respect of the abovementioned continuing connected party transactions of Regal REIT in accordance with the Rule 14A.56 of the Listing Rules (to the extent applicable to Regal REIT) and waivers granted by the SFC and the report was presented to the Board of Directors of the REIT Manager. The report will also be provided by the REIT Manager to the SFC.

### **CONFIRMATION BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Independent Non-executive Directors of the REIT Manager have reviewed all relevant connected party transactions including those connected party transactions with the RHIHL Connected Persons Group and the Trustee Connected Persons Group and were satisfied that those transactions were entered into:

- (a) in the ordinary and usual course of business of Regal REIT;
- (b) on normal commercial terms or better (to the extent that there are comparable transactions) or, where there are insufficient comparable transactions to assess whether they are on normal commercial terms, on terms no less favourable to Regal REIT than terms available to or from (as appropriate) independent third parties; and
- (c) in accordance with the relevant agreements and deeds and the REIT Manager's internal procedures governing them (if any) on terms that are fair and reasonable and in the interests of Unitholders as a whole.

## DISCLOSURE OF INTERESTS

The REIT Code requires Connected Persons (as defined in paragraph 8.1 of the REIT Code) of Regal REIT to disclose their interests in the Units. As well, the provisions of Part XV of the SFO are deemed by the Trust Deed to apply to the REIT Manager, the directors or the chief executives of the REIT Manager, and to persons interested in the Units.

### HOLDINGS OF SUBSTANTIAL UNITHOLDERS

As at 31st December, 2025, the interests of the Substantial Unitholders (as defined in paragraph 8.1 of the REIT Code) (not being a director or chief executive of the REIT Manager) in Units, as recorded in the register (the "Register") required to be kept under the Trust Deed, were as follows:

<b>Names of Substantial Unitholders</b>	<b>Total number of issued Units held</b>	<b>Approximate percentage of the issued Units as at 31st December, 2025<sup>(x)</sup></b>
Century City International Holdings Limited ("CCIHL")	2,443,033,102 (Note i)	74.99%
Century City BVI Holdings Limited ("CCBVI")	2,443,033,102 (Notes i & ii)	74.99%
Paliburg Holdings Limited ("PHL")	2,440,346,102 (Notes iii & iv)	74.92%
Paliburg Development BVI Holdings Limited ("PDBVI")	2,440,346,102 (Notes iii & v)	74.92%
Regal Hotels International Holdings Limited ("RHIHL")	2,439,613,739 (Notes vi & vii)	74.89%
Regal International (BVI) Holdings Limited ("RBVI")	2,439,613,739 (Notes vi & viii)	74.89%
Complete Success Investments Limited	1,817,012,072 (Note ix)	55.78%
Great Prestige Investments Limited	373,134,326 (Note ix)	11.45%

Notes:

- (i) The interests in 2,443,033,102 Units held by each of CCIHL and CCBVI were the same parcel of Units, which were directly held by RBVI and wholly-owned subsidiaries of CCBVI, PDBVI and RBVI, respectively.
- (ii) CCBVI is a wholly-owned subsidiary of CCIHL and its interests in Units are deemed to be the same interests held by CCIHL.
- (iii) The interests in 2,440,346,102 Units held by each of PHL and PDBVI were the same parcel of Units, which were directly held by RBVI and wholly-owned subsidiaries of PDBVI and RBVI, respectively.

- (iv) PHL is a listed subsidiary of CCBVI, which held an approximately 62.28% shareholding interest in PHL as at 31st December, 2025, and its interests in Units are deemed to be the same interests held by CCBVI.
- (v) PDBVI is a wholly-owned subsidiary of PHL and its interests in Units are deemed to be the same interests held by PHL.
- (vi) The interests in 2,439,613,739 Units held by each of RHIHL and RBVI were the same parcel of Units, which were directly held by RBVI and its wholly-owned subsidiaries, respectively.
- (vii) RHIHL is a listed subsidiary of PDBVI, which held an approximately 69.25% shareholding interest in RHIHL as at 31st December, 2025, and its interests in Units are deemed to be the same interests held by PDBVI.
- (viii) RBVI is a wholly-owned subsidiary of RHIHL and its interests in Units are deemed to be the same interests held by RHIHL.
- (ix) These companies are wholly-owned subsidiaries of RBVI and their respective direct interests in Units are deemed to be the same interests held by RBVI.
- (x) The approximate percentages were calculated based on 3,257,431,189 Units in issue as at 31st December, 2025.

Save as disclosed herein, there were no other persons who, as at 31st December, 2025, had interests in Units which are required to be recorded in the Register.

#### **HOLDINGS OF THE REIT MANAGER, DIRECTORS AND CHIEF EXECUTIVE OF THE REIT MANAGER**

As at 31st December, 2025, the interests of the REIT Manager, directors and chief executives of the REIT Manager in Units, as recorded in the Register, were as follows:

<b>Name of Director of the REIT Manager</b>	<b>Total number of issued Units held</b>	<b>Approximate percentage of the issued Units as at 31st December, 2025<sup>(ii)</sup></b>
LO Yuk Sui	2,443,033,102 (Note i)	74.99%

Notes:

- (i) The interests in 2,443,033,102 Units were the same parcel of Units held through CCIHL in which Mr. Lo Yuk Sui held approximately 67.43% shareholding interest as at 31st December, 2025.
- (ii) The approximate percentages were calculated based on 3,257,431,189 Units in issue as at 31st December, 2025.

Save as disclosed herein, as at 31st December, 2025, none of the REIT Manager, the Directors and the chief executives of the REIT Manager had any interests in Units, which are required to be recorded in the Register. Save for the interests of the Substantial Unitholders and the Director of the REIT Manager (also being the Connected Persons of the Regal REIT) in Units as disclosed herein, the REIT Manager is not aware of any other Connected Persons of Regal REIT holding any Units.

# AUDITED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st December, 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>REVENUE</b>			
Gross rental revenue	5	<b>677,987</b>	671,307
Gross hotel revenue	5	<b>32,486</b>	29,905
		<b>710,473</b>	701,212
Property and hotel operating expenses		<b>(21,240)</b>	(20,208)
Net rental and hotel income	5	<b>689,233</b>	681,004
Interest income		<b>574</b>	664
Depreciation		<b>(9,208)</b>	(8,013)
Fair value changes on investment properties	12	<b>(188,540)</b>	(128,814)
REIT Manager fees	6	<b>(93,103)</b>	(93,031)
Trust, professional and other expenses	7	<b>(10,372)</b>	(11,836)
Finance costs – excluding distributions to Unitholders	8	<b>(508,405)</b>	(640,434)
<b>LOSS BEFORE TAX AND DISTRIBUTIONS TO UNITHOLDERS</b>		<b>(119,821)</b>	(200,460)
Income tax expenses	9	<b>(52,074)</b>	(3,940)
<b>LOSS FOR THE YEAR, BEFORE DISTRIBUTIONS TO UNITHOLDERS</b>		<b>(171,895)</b>	(204,400)
Finance costs – distributions to Unitholders		—	—
<b>LOSS FOR THE YEAR, AFTER DISTRIBUTIONS TO UNITHOLDERS</b>		<b>(171,895)</b>	(204,400)
<b>LOSS PER UNIT ATTRIBUTABLE TO UNITHOLDERS</b>			
Basic and diluted	10	<b>HK\$(0.053)</b>	HK\$(0.063)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December, 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>LOSS FOR THE YEAR, BEFORE DISTRIBUTIONS TO UNITHOLDERS</b>		<b>(171,895)</b>	(204,400)
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges:			
Change in fair value of cash flow hedges		<b>(51,430)</b>	12,569
Transfer from hedging reserve to consolidated statement of profit or loss		<b>14,643</b>	(10,902)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		<b>(36,787)</b>	1,667
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Gain/(loss) on revaluation of property	11	<b>(187)</b>	43,543
Income tax effect	23	<b>31</b>	(7,184)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		<b>(156)</b>	36,359
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX</b>		<b>(36,943)</b>	38,026
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR, BEFORE DISTRIBUTIONS TO UNITHOLDERS</b>		<b>(208,838)</b>	(166,374)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December, 2025

	Notes	As at 31st December, 2025 HK\$'000	As at 31st December, 2024 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	11	664,000	672,000
Investment properties	12	23,112,000	23,271,000
Right-of-use assets	20(a)	143,965	—
Derivative financial instruments	22	—	2,671
Finance lease receivables	13	4,908	—
Total non-current assets		<u>23,924,873</u>	<u>23,945,671</u>
<b>Current assets</b>			
Accounts receivable	14	958	335
Prepayments, deposits and other receivables	15	7,905	9,642
Due from related companies	27(b)	3,239	3,401
Tax recoverable		175	2,661
Finance lease receivables	13	3,956	998
Restricted cash	16	227,540	259,015
Cash and cash equivalents	17	6,599	3,741
Total current assets		<u>250,372</u>	<u>279,793</u>
<b>Total assets</b>		<u>24,175,245</u>	<u>24,225,464</u>
<b>Current liabilities</b>			
Accounts payable	18	57,786	44,939
Deposits received		48	2,282
Due to related companies	27(b)	173,687	183,694
Derivative financial instruments	22	457	—
Other payables and accruals		40,665	61,585
Contract liabilities	19	559	482
Interest-bearing bank borrowings	21	5,035,128	697,656
Lease liabilities	20(b)	3,956	998
Tax payable		33,891	14,092
Total current liabilities		<u>5,346,177</u>	<u>1,005,728</u>
<b>Net current liabilities</b>		<u>(5,095,805)</u>	<u>(725,935)</u>
<b>Total assets less current liabilities</b>		<u>18,829,068</u>	<u>23,219,736</u>

	Notes	As at 31st December, 2025 HK\$'000	As at 31st December, 2024 HK\$'000
<b>Non-current liabilities, excluding net assets attributable to Unitholders</b>			
Interest-bearing bank borrowings	21	5,284,231	9,656,447
Lease liabilities	20(b)	150,165	—
Derivative financial instruments	22	34,832	682
Deposits received		1,633	633
Deferred tax liabilities	23	659,546	654,475
Total non-current liabilities		<u>6,130,407</u>	<u>10,312,237</u>
<b>Total liabilities, excluding net assets attributable to Unitholders</b>		<u>11,476,584</u>	<u>11,317,965</u>
<b>Net assets attributable to Unitholders</b>		<u>12,698,661</u>	<u>12,907,499</u>
<b>Number of Units in issue</b>	24	<u>3,257,431,189</u>	<u>3,257,431,189</u>
<b>Net asset value per Unit attributable to Unitholders</b>	25	<u>HK\$3.898</u>	<u>HK\$3.962</u>

The consolidated financial statements on pages 68 to 128 were approved and authorised for issue by Regal Portfolio Management Limited as the Manager of Regal REIT on 30th March, 2026 and were signed on its behalf by:

**SIMON LAM MAN LIM**  
Executive Director

**LO YUK SUI**  
Chairman

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 31st December, 2025

	Units HK\$'000	Capital reserve HK\$'000	Hedging reserve HK\$'000	Property revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
<b>Net assets as at 1st January, 2025</b>	<b>8,432,356</b>	<b>15,876</b>	<b>1,667</b>	<b>254,598</b>	<b>4,203,002</b>	<b>12,907,499</b>
Loss for the year	—	—	—	—	(171,895)	(171,895)
Other comprehensive loss for the year:						
Cash flow hedges	—	—	(36,787)	—	—	(36,787)
Loss on revaluation of property, net of tax	—	—	—	(156)	—	(156)
Total comprehensive loss for the year, before distributions to Unitholders	—	—	(36,787)	(156)	(171,895)	(208,838)
Transfer of depreciation on hotel property	—	—	—	(2,402)	2,402	—
<b>Net assets as at 31st December, 2025</b>	<b>8,432,356</b>	<b>15,876</b>	<b>(35,120)</b>	<b>252,040</b>	<b>4,033,509</b>	<b>12,698,661</b>

For the year ended 31st December, 2024

	Units HK\$'000	Capital reserve HK\$'000	Hedging reserve HK\$'000	Property revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
Net assets as at 1st January, 2024	8,432,356	15,876	—	220,450	4,405,191	13,073,873
Loss for the year	—	—	—	—	(204,400)	(204,400)
Other comprehensive income for the year:						
Cash flow hedges	—	—	1,667	—	—	1,667
Gain on revaluation of property, net of tax	—	—	—	36,359	—	36,359
Total comprehensive loss for the year, before distributions to Unitholders	—	—	1,667	36,359	(204,400)	(166,374)
Transfer of depreciation on hotel property	—	—	—	(2,211)	2,211	—
Net assets as at 31st December, 2024	8,432,356	15,876	1,667	254,598	4,203,002	12,907,499

## DISTRIBUTION STATEMENT

For the year ended 31st December, 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Loss for the year, before distributions to Unitholders</b>		<b>(171,895)</b>	(204,400)
Adjustments:			
Amounts set aside for the furniture, fixtures and equipment reserve	(e)	<b>(29,805)</b>	(27,910)
Amortisation of debt establishment costs		<b>27,956</b>	27,987
Fair value changes on investment properties		<b>188,540</b>	128,814
Depreciation		<b>9,208</b>	8,013
Deferred tax charges/(credit)		<b>5,102</b>	(23,082)
<b>Distributable income/(adjusted loss) for the year</b>	(a) & (c)	<b>29,106</b>	(90,578)
		<b>HK\$</b>	<b>HK\$</b>
<b>Distributions per Unit:</b>			
Interim	(b)	—	—
Final	(c) & (d)	<b>0.0088</b>	—
		<b>0.0088</b>	—

### Notes:

- (a) Pursuant to the Trust Deed, Regal REIT is required to ensure that the total amount distributed to Unitholders shall be no less than 90% of Regal REIT's total distributable income as defined in the Trust Deed ("Total Distributable Income") for each financial year. The current policy of the REIT Manager is to distribute to Unitholders no less than 90% of Regal REIT's Total Distributable Income for each financial year.
- (b) The amount of any distribution for the interim period of each financial year is at the discretion of the REIT Manager.
- Regal REIT recorded distributable income of HK\$15.6 million for the six months ended 30th June, 2025 and an adjusted loss of HK\$43.8 million for the six months ended 30th June, 2024. No interim distribution was declared for the six months ended 30th June, 2025 and 2024, respectively.
- (c) Regal REIT recorded distributable income of HK\$29.1 million for the year under review, as compared to an adjusted loss of HK\$90.6 million in 2024.
- Pursuant to the Trust Deed, the REIT Manager determines the date (the "Record Date") in respect of each distribution period for the purpose of establishing Unitholders' entitlement to distributions. The Record Date has been set as 19th May, 2026 in respect of the final distribution for the period from 1st July, 2025 to 31st December, 2025. The final distribution will be paid out to Unitholders on or about 29th May, 2026. The total amount of final distribution to be paid to Unitholders of HK\$28.67 million is arrived at based on the final distribution per Unit of HK\$0.0088 and the number of Units expected to be in issue at the Record Date that are entitled to distributions. The total distribution to Unitholders for the year, being the final distribution of HK\$28.67 million, represents 98.49% of the Total Distributable Income for the year.
- (d) The final distribution of HK\$0.0088 per Unit for the period from 1st July, 2025 to 31st December, 2025, involving an amount of HK\$28.67 million, was resolved and declared by the REIT Manager on 30th March, 2026. Accordingly the distribution is not reflected as a distribution payable in the consolidated financial statements and will be reflected in the consolidated financial statements for the year ending 31st December, 2026.
- (e) Amounts set aside by Regal REIT for the furniture, fixtures and equipment reserve (the "FF&E Reserve") with respect to Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel (collectively, the "Initial Hotels" and each referred to as the "Initial Hotel"), iclub Wan Chai Hotel, iclub Sheung Wan Hotel, iclub Fortress Hill Hotel and iclub To Kwa Wan Hotel aggregated HK\$29.8 million (2024: HK\$27.9 million).

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December, 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax and distributions to Unitholders		(119,821)	(200,460)
Adjustments for:			
Provision of credit losses on other receivables		—	987
Fair value changes on investment properties	12	188,540	128,814
Interest income		(574)	(664)
Finance costs - excluding distributions to Unitholders	8	508,405	640,434
Depreciation		9,208	8,013
		<b>585,758</b>	577,124
Decrease/(increase) in accounts receivable		(623)	6,176
Decrease/(increase) in prepayments, deposits and other receivables		1,883	(3,091)
Decrease/(increase) in amounts due from related companies		163	(1,173)
Placement of restricted cash		(1,000)	(12)
Release of restricted cash		2,122	—
Increase in accounts payable		12,847	4,697
Decrease in deposits received		(1,234)	(134)
Decrease in amounts due to related companies		(10,007)	(28)
Decrease in other payables and accruals		(18,227)	(471)
Increase in contract liabilities		77	21
<b>Cash generated from operations</b>		<b>571,759</b>	583,109
Interest received		4,018	10,056
Interest paid		(485,953)	(630,399)
Hong Kong profits tax paid		(24,687)	(13,659)
<b>Net cash flows from/(used in) operating activities</b>		<b>65,137</b>	(50,893)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		(392)	(470)
Additions to investment properties		(29,540)	(47,814)
Principal portion of finance lease received		4,273	6,470
Placement of restricted cash		(26,529)	(28,275)
Release of restricted cash		42,399	43,876
<b>Net cash flows used in investing activities</b>		<b>(9,789)</b>	(26,213)

	Notes	2025 HK\$'000	2024 HK\$'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Bank borrowings, net of debt establishment costs		<b>675,800</b>	470,884
Repayment of bank borrowings		<b>(738,500)</b>	(485,200)
Principal portion of lease payments		<b>(4,273)</b>	(6,470)
Placement of restricted cash		<b>(58,401)</b>	(123,113)
Release of restricted cash		<b>72,884</b>	178,869
		<hr/>	<hr/>
<b>Net cash flows from/(used in) financing activities</b>		<b>(52,490)</b>	34,970
		<hr/>	<hr/>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>2,858</b>	(42,136)
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>3,741</b>	45,877
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<b>6,599</b>	3,741
		<hr/> <hr/>	<hr/> <hr/>
<b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	17	<b>6,599</b>	3,741
		<hr/> <hr/>	<hr/> <hr/>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

### 1. GENERAL

Regal Real Estate Investment Trust ("Regal REIT") is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and its units (the "Units") were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30th March, 2007. Regal REIT is governed by a trust deed (the "Trust Deed") dated 11th December, 2006 (date of establishment), made between Regal Portfolio Management Limited (the "REIT Manager") and DB Trustees (Hong Kong) Limited (the "Trustee") (as amended and restated by the first amending and restating deed dated 23rd March, 2021 and the second amending and restating deed dated 31st January, 2024) and the Code on Real Estate Investment Trusts (the "REIT Code") issued by the Hong Kong Securities and Futures Commission (the "SFC").

The principal activity of Regal REIT and its subsidiaries (collectively, referred to as the "Group") is to own and invest in income-producing hotels, serviced apartments or commercial properties (including office premises) with the objectives of producing stable and growing distributions to the unitholders of Regal REIT (the "Unitholders") and to achieve long-term growth in the net asset value per Unit.

The addresses of the registered office of the REIT Manager and the Trustee are Unit No. 2001, 20th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong and Level 60, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, respectively.

### 2. ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, these consolidated financial statements have been prepared in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix C of the REIT Code. The consolidated financial statements have been prepared under the historical cost convention, except for property, plant and equipment, investment properties and derivative financial instruments which have been measured at fair value. These consolidated financial statements are presented in Hong Kong dollars ("HK\$"), the functional currency of Regal REIT, and all values are rounded to the nearest thousand except when otherwise indicated.

As at 31st December, 2025, the Group's current liabilities exceeded its current assets by HK\$5,095,805,000. The net current liabilities position was mainly due to the term loans of HK\$4,560,000,000 and the revolving loan of HK\$483,500,000 which mature within twelve months and were classified under current liabilities as at the end of the reporting period. Taking into account the stable operating cash inflows to be generated from rental income, the planned refinancing of the loan facility maturing within the next twelve months, the proceeds from the disposal of Chasehill Limited and its subsidiary, the Group's unutilised revolving loan facility and the financial support provided by the immediate listed holding company of the Group, the REIT Manager considers the Group has adequate resources to meet its liabilities, commitments and funding requirements as and when they fall due within one year from the end of the reporting period. Accordingly, the REIT Manager continues to adopt the going concern basis in preparing the consolidated financial statements.

## **Basis of consolidation**

The consolidated financial statements include the financial statements of the Group for the year ended 31st December, 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by Regal REIT. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When Regal REIT has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as Regal REIT, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

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 in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>2</sup>
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKAS 21	<i>Translation to Hyperinflationary Presentation Currency</i> <sup>2</sup>
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st January, 2026

<sup>2</sup> Effective for annual/reporting periods beginning on or after 1st January, 2027

<sup>3</sup> No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1st January, 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As Regal REIT's Units are listed on the Stock Exchange, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of Regal REIT's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the “own-use” requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity’s financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group’s financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor’s profit or loss only to the extent of the unrelated investor’s interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation’s comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.

*Annual Improvements to HKFRS Accounting Standards – Volume 11* set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **HKFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 10 *Consolidated Financial Statements*:** The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKAS 7 *Statement of Cash Flows*:** The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

## 2.4 MATERIAL ACCOUNTING POLICIES

### Unitholders' funds

In accordance with the Trust Deed, Regal REIT has a limited life of eighty years less one day from the date of its commencement, and it is required to distribute to the Unitholders no less than 90% of its Total Distributable Income for each financial year. Accordingly, Regal REIT has contractual obligations to the Unitholders to pay cash dividends and also, upon the termination of Regal REIT, a share of all net cash proceeds derived from the sale or realisation of the assets of Regal REIT less any liabilities, in accordance with the proportionate interests of the Unitholders in Regal REIT at the date of its termination. The Unitholders' funds are, therefore, classified as financial liabilities in accordance with HKAS 32 *Financial Instruments: Presentation*.

## Fair value measurement

The Group measures its property, plant and equipment, investment properties and derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The policies and procedures for both recurring fair value measurement, such as investment properties and property, plant and equipment, derivative financial instruments and non-recurring measurement are determined by the Trust Deed. The REIT Manager shall select and recommend one or more property valuers to the Trustee and the Trustee shall, subject to the provisions in the Trust Deed and the REIT Code, on the written instructions of the REIT Manager, appoint a property valuer recommended by the REIT Manager for the valuation of the Group's properties.

The REIT Manager has discussions with the external valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### **Impairment of non-financial assets**

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

## Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

## Property, plant and equipment and depreciation

Property, plant and equipment are stated at valuation less accumulated depreciation and any impairment losses. The initial cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the consolidated statement of profit or loss. Any subsequent revaluation surplus is credited to the consolidated statement of profit or loss to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for hotel property are over the lease term (for land) and over the shorter of the lease term and 2.5% (for buildings together with furniture, fixtures and equipment).

Where parts of an item of property, plant and equipment have different useful lives, the cost of such items are allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

### **Investment properties**

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair values, which reflect market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss in the year of the retirement or disposal.

### **Financial assets**

#### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures such financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

#### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

##### *Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments which the Group had not irrevocably elected to classify at fair value through other comprehensive income.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

## Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

### *General approach*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for accounts receivable which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12 month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated as credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

#### *Simplified approach*

For accounts receivable that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## **Financial liabilities**

### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as trade and other payables, and borrowings or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss. The net fair value gain or loss recognised in the consolidated statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the consolidated statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the consolidated statement of profit or loss. The net fair value gain or loss recognised in the consolidated statement of profit or loss does not include any interest charged on these financial liabilities.

*Subsequent measurement of financial liabilities at amortised cost (trade and other payables, and borrowings)*

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is recognised in the consolidated statement of profit or loss.

### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### **Derivative financial instruments and hedge accounting**

*Initial recognition and subsequent measurement*

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the consolidated statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in the consolidated statement of other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

#### *Cash flow hedges*

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The hedging reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in net assets is removed from the separate component of net assets and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the consolidated statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the consolidated statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the consolidated statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

### **Provisions**

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

### **Cash and cash equivalents**

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

### **Income tax**

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in net assets.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries/jurisdictions in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable future taxable profits will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent it has become probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (a) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments).

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

#### (b) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

### *Group as a lessor*

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments, and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in the statement of profit or loss so as to provide a constant periodic rate of return over the lease terms.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

## Revenue recognition

### *Revenue from leases*

Rental income is recognised on the following bases:

- (a) Base Rent from operating leases, on the straight-line basis over the terms of the relevant leases;
- (b) Variable Rent, in the accounting period in accordance with the terms of the respective agreements; and
- (c) other rental income, on a time proportion basis over the lease terms.

### *Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Revenue from hotel operations comprises of the provision of room and ancillary services and is recognised over time in the accounting period in which the services are rendered.

### *Other income*

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

## Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

## Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

### Foreign currency transactions

These consolidated financial statements are presented in Hong Kong dollars, which is Regal REIT's functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### *Property lease classification – Group as lessor*

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

#### *Classification between investment properties and owner-occupied properties*

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

#### *Deferred tax assets*

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

#### *Derivative financial instruments and hedging activities*

Derivative financial instruments and hedging activities require the Group to make judgements on the designation of the hedging relationship of the Group's derivatives and their hedge effectiveness. These judgements determine if the changes in fair values of the derivative instruments are recognised directly in other comprehensive income in the hedging reserve or any ineffective element is recognised in the consolidated statement of profit or loss. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. The Group uses judgements to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The Group uses a discounted cash flow analysis for its derivative financial instruments that are not traded in active markets.

#### **Estimation uncertainties**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

#### *Estimations of fair values of investment properties and property, plant and equipment*

The fair value of each investment property and item of property, plant and equipment is individually determined at the end of each reporting period by an independent valuer based on a market value assessment. The valuer has relied on the income approach – discounted cash flow analysis as its primary method supported by the direct comparison approach. These methodologies are based upon estimates of future results and a set of assumptions specific to each property to reflect its tenancy or occupancy, and cash flow profile. The discounted cash flow projections of each investment property and item of property, plant and equipment are based on reliable estimates of expected future cash flows, supported by the terms of any existing leases, other contracts, projection of hotel operating income and (when possible) by external evidence, and using discount rates that reflect current market assessments of the uncertainty in the amounts and timing of the cash flows. In respect of the leases of each investment property and item of property, plant and equipment, due consideration has also been given to the expectation of the renewal of the leases with the Government of the Hong Kong Special Administrative Region upon expiry without paying any land premiums, which is a widely accepted practice used in the property market, and is widely accepted by other real estate investment trusts in Hong Kong.

#### *Provision for expected credit losses on accounts receivable*

The Group uses a provision matrix to calculate ECLs for accounts receivable. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The financial impact of ECLs for accounts receivable under HKFRS 9 was insignificant for the year ended 31st December, 2025. The information about the Group's accounts receivable is disclosed in note 14 to the consolidated financial statements.

#### *Leases – Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in a lease and, therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable input when available and is required to make certain entity-specific estimates.

## **4. OPERATING SEGMENT INFORMATION**

Operating segments of the Group are identified on the basis of internal reports covering the components of the Group which are regularly reviewed by the Group's chief operating decision-maker to make decisions about resources to be allocated to segments and assess their performance. Information reported to the Group's chief operating decision-maker, for the above-mentioned purposes, is mainly focused on the segment results related to the nature of properties, namely, the hotel properties and the mixed use property. For management purposes, the two reportable operating segments are (i) the hotel properties segment which invested in the Initial Hotels, iclub Sheung Wan Hotel, iclub Fortress Hill Hotel and iclub To Kwa Wan Hotel; and (ii) the mixed use property segment which invested in the iclub Wan Chai Hotel and is made up of the hotel portion and non-hotel portions.

The operating segments of the Group for the year ended 31st December, 2025 are as follows:

	Hotel Properties HK\$'000	Mixed Use Property HK\$'000	Total HK\$'000
<b>Segment revenue</b>			
Gross rental revenue	675,687	2,300	677,987
Gross hotel revenue	—	32,486	32,486
Total	<u>675,687</u>	<u>34,786</u>	<u>710,473</u>
<b>Segment results</b>	<u>672,467</u>	<u>16,766</u>	<u>689,233</u>
Fair value changes on investment properties	(186,540)	(2,000)	(188,540)
Depreciation	(1,003)	(8,205)	(9,208)
Interest income			574
REIT Manager fees			(93,103)
Trust, professional and other expenses			(10,372)
Finance costs – excluding distributions to Unitholders			<u>(508,405)</u>
Loss before tax and distributions to Unitholders			<u>(119,821)</u>

The operating segments of the Group for the year ended 31st December, 2024 were as follows:

	Hotel Properties HK\$'000	Mixed Use Property HK\$'000	Total HK\$'000
<b>Segment revenue</b>			
Gross rental revenue	664,659	6,648	671,307
Gross hotel revenue	—	29,905	29,905
Total	<u>664,659</u>	<u>36,553</u>	<u>701,212</u>
<b>Segment results</b>	<u>661,420</u>	<u>19,584</u>	<u>681,004</u>
Fair value changes on investment properties	(117,814)	(11,000)	(128,814)
Depreciation	—	(8,013)	(8,013)
Interest income			664
REIT Manager fees			(93,031)
Trust, professional and other expenses			(11,836)
Finance costs – excluding distributions to Unitholders			<u>(640,434)</u>
Loss before tax and distributions to Unitholders			<u>(200,460)</u>

### Segment assets and liabilities

As part of the Group's performance assessment, the fair values of investment properties and property, plant and equipment are reviewed by the Group's chief operating decision-maker.

As at 31st December, 2025, the Group's segment assets, comprised of the aggregate fair values of the investment properties and property, plant and equipment in the hotel properties segment and the mixed use property segment, amounted to HK\$22,928,000,000 (2024: HK\$23,085,000,000) and HK\$848,000,000 (2024: HK\$858,000,000), respectively.

Save as set out above, no other assets and liabilities are included in the assessment of the Group's segment performance.

### Other segment information

	Year ended 31st December, 2025		
	Hotel Properties HK\$'000	Mixed Use Property HK\$'000	Total HK\$'000
Capital expenditures	<u>29,540</u>	<u>392</u>	<u>29,932</u>
	Year ended 31st December, 2024		
	Hotel Properties HK\$'000	Mixed Use Property HK\$'000	Total HK\$'000
Capital expenditures	<u>47,384</u>	<u>470</u>	<u>47,854</u>

Capital expenditures consist of additions to investment properties and property, plant and equipment.

### Information about a major customer

For the year ended 31st December, 2025, revenue of HK\$675,687,000 (2024: HK\$664,659,000) was derived from the lease of hotel properties to a single lessee which is a related company.

### Geographical information

The Group's investment properties and property, plant and equipment are all located in Hong Kong.

## 5. NET RENTAL AND HOTEL INCOME

Revenue represents the gross rental revenue received and receivable from its investment properties, and gross hotel revenue during the year.

The net rental and hotel income represents the aggregate of:

- (a) Net rental income, being the gross rental revenue less property operating expenses; and
- (b) Net hotel income, being the gross hotel revenue less hotel operating expenses.

An analysis of the gross and net rental and hotel income is as follows:

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Gross rental revenue</b>			
Rental income			
Initial Hotels	(a)	550,000	544,000
iclub Wan Chai Hotel – Non-hotel portions		2,300	6,648
iclub Sheung Wan Hotel	(b)	44,000	42,000
iclub Fortress Hill Hotel	(c)	42,000	40,000
iclub To Kwa Wan Hotel	(d)	37,000	36,000
Other income		2,687	2,659
		<u>677,987</u>	<u>671,307</u>
Property operating expenses		<u>(3,863)</u>	<u>(4,863)</u>
<b>Net rental income</b>		<u>674,124</u>	<u>666,444</u>
<b>Gross hotel revenue</b>		<u>32,486</u>	<u>29,905</u>
Hotel operating expenses		<u>(17,377)</u>	<u>(15,345)</u>
<b>Net hotel income</b>		<u>15,109</u>	<u>14,560</u>
<b>Net rental and hotel income</b>		<u>689,233</u>	<u>681,004</u>
<b>Revenue from contracts with customers</b>			
Gross hotel revenue	(e)	<u>32,486</u>	<u>29,905</u>
<b>Revenue from other sources</b>			
Gross rental income		<u>677,987</u>	<u>671,307</u>

Notes:

(a) An analysis of the Initial Hotels rental income is as follows:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Base Rent	<b>550,000</b>	544,000
Variable Rent	<u>—</u>	<u>—</u>
	<b><u>550,000</u></b>	<b><u>544,000</u></b>

(b) An analysis of the iclub Sheung Wan Hotel rental income is as follows:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Base Rent	<b>44,000</b>	42,000
Variable Rent	<u>—</u>	<u>—</u>
	<b><u>44,000</u></b>	<b><u>42,000</u></b>

(c) An analysis of the iclub Fortress Hill Hotel rental income is as follows:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Base Rent	<b>42,000</b>	40,000
Variable Rent	<u>—</u>	<u>—</u>
	<b><u>42,000</u></b>	<b><u>40,000</u></b>

(d) An analysis of the iclub To Kwa Wan Hotel rental income is as follows:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Base Rent	<b>37,000</b>	36,000
Variable Rent	<u>—</u>	<u>—</u>
	<b><u>37,000</u></b>	<b><u>36,000</u></b>

(e) Gross hotel revenue is recognised over time.

## 6. REIT MANAGER FEES

	2025 HK\$'000	2024 HK\$'000
Base Fees	72,499	72,671
Variable Fees	20,604	20,360
	<u>93,103</u>	<u>93,031</u>

Under the Trust Deed, the REIT Manager is entitled to receive the following:

- a base fee (the "Base Fee") of currently 0.3% (subject to a maximum of 0.5%) per annum of the value of the deposited property of Regal REIT which is payable monthly (in the form of Units and/or cash) and subject to adjustments (in the form of cash) based on the value of the deposited property of Regal REIT as at the end of the reporting period for the relevant financial year; and
- a variable fee (the "Variable Fee") of currently 3% (subject to a maximum of 5%) per annum of the net property income for the relevant financial year as defined in the Trust Deed in respect of each Initial Hotel, iclub Wan Chai Hotel, iclub Sheung Wan Hotel, iclub Fortress Hill Hotel and iclub To Kwa Wan Hotel, which is payable annually.

For the financial year 2025, the REIT Manager elected to receive its Base Fees and Variable Fees in the form of cash. Details of which can be referred to an announcement of Regal REIT published on 29th November, 2024.

## 7. TRUST, PROFESSIONAL AND OTHER EXPENSES

	2025 HK\$'000	2024 HK\$'000
Auditor's remuneration:		
Audit fees	1,482	1,452
Non-audit fees	564	554
Legal and other professional fees	1,925	3,582
Trustee fees	3,746	3,755
Valuation fees	335	365
Other expenses	2,320	2,128
	<u>10,372</u>	<u>11,836</u>

Regal REIT did not appoint any directors and the Group did not engage any employees during the year (2024: Nil) and, accordingly, no director and employee benefit expenses were incurred during the year (2024: Nil).

## 8. FINANCE COSTS - EXCLUDING DISTRIBUTIONS TO UNITHOLDERS

	2025 HK\$'000	2024 HK\$'000
Total interest expense on financial liabilities not at fair value through profit or loss:		
Interest expense on interest-bearing bank borrowings	467,572	630,373
Amortisation of debt establishment costs	27,956	27,987
Interest income from restricted cash	(3,272)	(7,883)
Interest expense on lease liabilities	797	84
	<u>493,053</u>	<u>650,561</u>
Fair value changes on derivative financial instruments		
– cash flow hedges (transfer from hedging reserve)	14,643	(10,902)
Others	709	775
	<u>508,405</u>	<u>640,434</u>

## 9. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2025 HK\$'000	2024 HK\$'000
Charge for the year	16,295	12,949
Underprovision in prior years	30,677	14,073
Deferred (note 23)	5,102	(23,082)
	<u>52,074</u>	<u>3,940</u>

A reconciliation of the tax charge applicable to loss before tax and distributions to Unitholders at the Hong Kong statutory tax rate of 16.5% (2024: 16.5%) to the tax charge at the Group's effective tax rate is as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before tax and distributions to Unitholders	<u>(119,821)</u>	<u>(200,460)</u>
Tax credit at the statutory tax rate	(19,770)	(33,079)
Adjustments in respect of current tax of previous periods	30,677	14,072
Income not subject to tax	(23,728)	(30,647)
Expenses not deductible for tax	53,880	52,825
Others	11,015	769
	<u>52,074</u>	<u>3,940</u>

In 2025, the Hong Kong Inland Revenue Department (the “IRD”) issued enquiry letters to four subsidiaries of Regal REIT regarding the claim for deduction of certain interest expenses incurred on certain non-income generating assets for the year of assessment 2018/19 to 2023/24. Up to the date of approval of the financial statements, the REIT Manager considers that adequate tax provisions have been made in the consolidated financial statements by the above-mentioned subsidiaries, which are subject to the agreement by the IRD.

## 10. LOSS PER UNIT ATTRIBUTABLE TO UNITHOLDERS

The calculation of the basic loss per Unit attributable to Unitholders is based on the loss for the year before distributions to Unitholders of HK\$171,895,000 (2024: loss of HK\$204,400,000) and 3,257,431,189 Units in issue (2024: 3,257,431,189 Units). The basic loss per Unit attributable to Unitholders for the year amounted to HK\$0.053 (2024: basic loss per Unit of HK\$0.063).

The diluted loss per Unit attributable to Unitholders is the same as the basic loss per Unit attributable to Unitholders as there were no dilutive instruments in issue during the year (2024: Nil).

## 11. PROPERTY, PLANT AND EQUIPMENT

	<b>Authorised investment</b>
	<b>Hotel property</b>
	<b>HK\$'000</b>
At 1st January, 2024	636,000
Additions	470
Surplus on revaluation	43,543
Depreciation provided during the year	(8,013)
At 31st December, 2024 and 1st January, 2025	<b>672,000</b>
Additions	<b>392</b>
Deficit on revaluation	<b>(187)</b>
Depreciation provided during the year	<b>(8,205)</b>
At 31st December, 2025	<b>664,000</b>

The Group’s property, plant and equipment represents the value of land and building together with furniture, fixtures and equipment of iclub Wan Chai Hotel for the hotel portion. The REIT Manager has determined that the property, plant and equipment constitute a single class of asset (i.e. hotel property) based on the nature, characteristics and risks of the property. The property, plant and equipment was valued by Knight Frank Petty Limited (“Knight Frank”), an independent property valuer and the principal valuer of Regal REIT, at HK\$664,000,000 as at 31st December, 2025 (2024: HK\$672,000,000). A revaluation deficit of HK\$187,000 (2024: surplus HK\$43,543,000) resulting from the valuation as at 31st December, 2025 has been charged to other comprehensive loss (2024: credited to other comprehensive income).

The property, plant and equipment is categorised as Level 3 in the fair value hierarchy (note 29).

The iclub Wan Chai Hotel has been pledged to secure banking facilities granted to the Group (note 21).

The carrying amount of the Group's property, plant and equipment would have been HK\$362,157,000 (2024: HK\$367,095,000) had such assets been stated in the consolidated financial statements at cost less accumulated depreciation.

Further particulars of the Group's hotel property are included on page 203.

## 12. INVESTMENT PROPERTIES

	<u>Authorised investments</u>		
	<b>Hotel properties HK\$'000</b>	<b>Commercial properties HK\$'000</b>	<b>Total HK\$'000</b>
At 1st January, 2024	23,155,000	197,000	23,352,000
Fair value changes	(117,814)	(11,000)	(128,814)
Capital expenditures for the year	47,384	—	47,384
Others	430	—	430
	<u>23,085,000</u>	<u>186,000</u>	<u>23,271,000</u>
At 31st December, 2024 and 1st January, 2025			
Fair value changes	<b>(186,540)</b>	<b>(2,000)</b>	<b>(188,540)</b>
Capital expenditures for the year	<b>29,540</b>	<b>—</b>	<b>29,540</b>
	<u>22,928,000</u>	<u>184,000</u>	<u>23,112,000</u>
At 31st December, 2025			

The REIT Manager has determined that the investment properties constitute two classes of asset (i.e. hotel and commercial properties) based on the nature, characteristics and risks of each property.

The Group's investment properties were valued by Knight Frank at HK\$23,112,000,000 as at 31st December, 2025 (2024: HK\$23,271,000,000). The investment properties are leased to a related company and other commercial tenants under operating leases. Further details of which are included in note 20 to the consolidated financial statements.

The investment properties are categorised as Level 3 in the fair value hierarchy (note 29).

Initial Hotels, together with iclub Sheung Wan Hotel, iclub Fortress Hill Hotel and iclub To Kwa Wan Hotel, have been pledged to secure banking facilities granted to the Group (note 21).

Further particulars of the Group's investment properties are included on pages 202 to 203.

### 13. FINANCE LEASE RECEIVABLES

	Minimum lease payments		Present value of minimum lease payments	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Amounts receivable:				
Not later than one year	4,357	999	3,956	998
Later than one year and not later than five years	5,083	—	4,908	—
	<u>9,440</u>	<u>999</u>	<u>8,864</u>	<u>998</u>
Less: Unearned finance income	(576)	(1)		
	<u>8,864</u>	<u>998</u>		
Portion classified as current assets	(3,956)	(998)		
Non-current portion	<u>4,908</u>	<u>—</u>		

The effective interest rate of the finance lease of the premises as at 31st December, 2025 is 5.04% (2024: 1.86%) per annum.

No finance lease receivable is past due at the end of the reporting period.

### 14. ACCOUNTS RECEIVABLE

	2025 HK\$'000	2024 HK\$'000
Other accounts receivable	<u>958</u>	<u>335</u>

The Group's accounts receivable as at the end of the reporting period, based on invoice dates, are aged as being within 3 months. No accounts receivable are past due at the end of the reporting period.

The general credit terms for other accounts receivable are 30 days. The Group seeks to maintain control over the outstanding receivables and to minimise any credit risk associated thereon.

## 15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Prepayments	2,091	3,661
Deposits and other receivables	5,814	6,968
	<u>7,905</u>	<u>10,629</u>
Provision for credit losses	—	(987)
	<u>7,905</u>	<u>9,642</u>

Impairment allowance was assessed and made by the Group on a case-by-case basis, based on the historical default experience and forward-looking information that may impact the debtors' ability to repay the outstanding other receivables. If the Group considered that the recovering of the other receivable is remote, relevant provision for credit losses would be written off against the receivable directly.

The movement in the provision for credit losses during the year is as follows:

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	987	—
Provision for credit losses	—	987
Amount written off as uncollectable	(987)	—
	<u>—</u>	<u>—</u>
At the end of the year	<u>—</u>	<u>987</u>

Deposits in the amount of HK\$1,212,000 (2024: HK\$1,212,000) were placed with a related company with respect to services provided to iclub Wan Chai Hotel. The amounts are unsecured, interest-free and repayable on demand.

## 16. RESTRICTED CASH

The restricted cash of the Group is kept in designated bank accounts in accordance with the relevant facility agreements and is restricted mainly for servicing finance costs on certain interest-bearing bank borrowings, funding and utilisation of furniture, fixtures and equipment expenditures for the Initial Hotels, iclub Wan Chai Hotel - Hotel portion, iclub Sheung Wan Hotel, iclub Fortress Hill Hotel and iclub To Kwa Wan Hotel, and holding rental deposits from certain tenants.

## 17. CASH AND CASH EQUIVALENTS

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

## 18. ACCOUNTS PAYABLE

	2025 HK\$'000	2024 HK\$'000
Amounts due to related companies	57,229	43,818
Other accounts payable	557	1,121
	<u>57,786</u>	<u>44,939</u>

The amounts due to related companies are unsecured, interest-free and repayable on demand. Other accounts payable are unsecured, non interest-bearing and are normally settled within 90 days.

The Group's accounts payable as at the end of the reporting period, based on invoice dates, are all aged within 3 months.

## 19. CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract liabilities:

	2025 HK\$'000	2024 HK\$'000
Advances from customers	559	482

Contract liabilities included the advance receipts from customers under hotel operations.

## 20. LEASES

### The Group as a lessee

The Group has lease contracts for a hotel property and various premises used in its operations. The Group had a lease arrangement for a hotel property with a term of 25 years expiring on 30th December, 2028. During the year, the lease term of the hotel property was extended for 3 years up to 30th December, 2031. The leases of other premises generally have lease terms between 1 and 3 years.

#### (a) Right-of-use asset

The carrying amounts of the Group's right-of-use asset and the movements during the year are as follows:

	Hotel property HK\$'000
At 1st January, 2024, 31st December, 2024 and 1st January, 2025	—
Additions	144,968
Depreciation charge	(1,003)
At 31st December, 2025	<u>143,965</u>

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year were as follows:

	2025 HK\$'000	2024 HK\$'000
Carrying amount at 1st January	998	7,468
Additions	157,103	—
Accretion of interest recognised during the year	797	84
Payments	(4,777)	(6,554)
	<u>154,121</u>	<u>998</u>
Carrying amount at 31st December	<u>154,121</u>	<u>998</u>
Analysed into:		
Current portion	3,956	998
Non-current portion	150,165	—
	<u>154,121</u>	<u>998</u>

(c) The amounts recognised in profit or loss in relation to leases were as follows:

	2025 HK\$'000	2024 HK\$'000
Interest on lease liabilities	797	84
Depreciation	1,003	—
Expense relating to short-term leases (included in property and hotel operating expenses)	372	361
	<u>2,172</u>	<u>445</u>
Total amount recognised in profit or loss	<u>2,172</u>	<u>445</u>

(d) The total cash outflow for leases was HK\$5,507,000 (2024: HK\$6,915,000).

### The Group as a lessor

The Group leases its investment properties (note 12) consisting of hotel properties, commercial properties and premises in Hong Kong under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>686,800</b>	675,283
After one year but within two years	<b>7,056</b>	455
After two years but within three years	<b>2,750</b>	—
	<b><u>696,606</u></b>	<u>675,738</u>

## 21. INTEREST-BEARING BANK BORROWINGS

	<b>As at</b>	As at
	<b>31st December,</b>	31st December,
	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Interest-bearing bank borrowings	<b>10,354,500</b>	10,412,000
Debt establishment costs	<b>(35,141)</b>	(57,897)
	<b><u>10,319,359</u></b>	<u>10,354,103</u>
Portion classified as current liabilities	<b>(5,035,128)</b>	(697,656)
Non-current portion	<b><u>5,284,231</u></b>	<u>9,656,447</u>
	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Principal amounts repayable based on original maturity terms:		
Within one year	<b>5,043,500</b>	1,191,000
In the second year	<b>4,556,000</b>	4,550,000
In the third to fifth years, inclusive	<b>755,000</b>	4,671,000
	<b><u>10,354,500</u></b>	<u>10,412,000</u>

The interest-bearing bank borrowings are subject to loan covenants including interest coverage ratio and loan to value ratio which are tested on periodic basis. As at 31st December 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, through 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. 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 31st December, 2025, the 2021 IH Facilities had an outstanding amount of HK\$4,983.5 million, representing the full amount of the term loan facility and an amount of HK\$483.5 million under the revolving loan facility.

On 24th June, 2022, Regal REIT 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 31st December, 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 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, details of which are set out in note 22.

On 17th October, 2023, Regal REIT arranged, through a wholly-owned subsidiary, Tristan Limited, a bilateral term loan facility of HK\$749.5 million and secured by the iclub Sheung Wan Hotel (the “2023 SW Facility”). The 2023 SW Facility bears HIBOR-based interest with a four-year term to October 2027. As at 31st December, 2025, the outstanding amount was HK\$749.5 million, representing the full amount of the term loan facility. The 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, details of which are set out in note 22.

On 27th November, 2023, Regal REIT arranged, through a wholly-owned subsidiary, Wise Decade Investments Limited, another bilateral term loan facility of HK\$755.0 million and secured by the iclub Fortress Hill Hotel (the “2023 FH Facility”). The 2023 FH Facility bears HIBOR-based interest and has a term of five years to November 2028. As at 31st December, 2025, the outstanding amount was HK\$755.0 million, representing the full amount of the term loan facility. The Group also entered into interest rate swap arrangements to hedge against interest rate exposure of the 2023 FH Facility for a notional amount of HK\$755.0 million, details of which are set out in note 22.

On 18th July, 2024, Regal REIT arranged, through a wholly-owned subsidiary, Sonnix Limited, a term loan facility of HK\$416.5 million, secured by the iclub Wan Chai Hotel (the “2024 WC Facility”), with a term of forty one months to December 2027 and bearing HIBOR-based interest. As at 31st December 2025, the outstanding amount was HK\$416.5 million, representing the full amount of the term loan facility. The 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, details of which are set out in note 22.

On 15th November, 2025, Regal REIT arranged, through a wholly-owned subsidiary, Land Crown International Limited, a term loan facility of HK\$650.0 million, secured by the iclub To Kwa Wan Hotel (the “2025 TKW Facility”), with a term of two years to November 2027 and bearing HIBOR-based interest. The 2025 TKW Facility has a repayment obligation of HK\$10.0 million on its anniversary. As at 31st December, 2025, the outstanding amount was HK\$650.0 million, representing the full amount of the term loan facility. The Group also entered into interest rate swap arrangements to hedge against the interest rate exposure of the 2025 TKW Facility for a notional amount of HK\$100.0 million, details of which are set out in note 22.

As at 31st December, 2025, the outstanding loan facilities bore interest at the Hong Kong Interbank Offered Rate plus an interest margin ranging from 1.05% per annum to 1.80% per annum (2024: ranging from 1.05% per annum to 1.80% per annum).

Bank borrowings under the 2021 IH Facilities, the 2022 RKH Facility, the 2023 SW Facility, the 2023 FH Facility, the 2025 TKW Facility and the 2024 WC Facility are guaranteed by Regal REIT and/or certain individual companies of the Group on a joint and several basis.

The 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 Group, if any;
- (iv) a floating charge over all of the undertakings, properties, assets and rights of each of the relevant companies of the Group; and
- (v) an equitable charge over the shares in the relevant companies of the Group.

## 22. DERIVATIVE FINANCIAL INSTRUMENTS

	2025		2024	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Interest rate swaps – cash flow hedges	—	<b>35,289</b>	2,671	682
Analysed into:				
Current portion	—	<b>457</b>	—	—
Non-current portion	—	<b>34,832</b>	2,671	682
	—	<b>35,289</b>	2,671	682

The Group uses interest rate swaps to minimise its exposure to movements in interest rates in relation to certain portion of its floating rate term loans. As at 31st December, 2025, the interest rate swaps had an aggregate notional amount of HK\$2,921.0 million (2024: HK\$1,849.5 million) (note 21).

There is an economic relationship between the hedged items and the hedging instruments as the terms of the interest rate swap match the terms of the variable rate loans (i.e., notional amount, maturity, payment and reset dates). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the interest rate swap is identical to the hedged risk components. To measure the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

Hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Different interest rate curves applied to discount the hedged items and hedging instruments
- The counterparties' credit risks differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amounts of cash flows of hedged items and hedging instruments

There is no hedge ineffectiveness recognised in profit or loss. Consequently, the change in fair value used for measuring ineffectiveness for the year ended 31st December, 2025 of the hedging instruments is the same as that of the hedged items, equalling the amount of the total fair value loss recognised in the hedging reserve of HK\$51,430,000 (2024: gain of HK\$12,569,000) above.

### 23. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year were as follows:

	Fair value adjustments arising from revaluation of property, plant and equipment HK\$'000	Depreciation allowances in excess of related depreciation HK\$'000	Losses available for offsetting against future taxable profits HK\$'000	Total HK\$'000
Gross deferred tax assets/(liabilities) at 1st January, 2024	(43,562)	(686,614)	59,803	(670,373)
Deferred tax charged to other comprehensive income during the year	(7,184)	—	—	(7,184)
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 9)	437	(18,178)	40,823	23,082
Gross deferred tax assets/(liabilities) at 31st December, 2024	<u>(50,309)</u>	<u>(704,792)</u>	<u>100,626</u>	<u>(654,475)</u>
Gross deferred tax assets/(liabilities) at 1st January, 2025	<b>(50,309)</b>	<b>(704,792)</b>	<b>100,626</b>	<b>(654,475)</b>
Deferred tax credited to other comprehensive income during the year	31	—	—	31
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 9)	475	(14,209)	8,632	(5,102)
Gross deferred tax assets/(liabilities) at 31st December, 2025	<u><b>(49,803)</b></u>	<u><b>(719,001)</b></u>	<u><b>109,258</b></u>	<u><b>(659,546)</b></u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position.

## 24. NUMBER OF UNITS IN ISSUE

	Number of Units	
	2025	2024
At beginning and end of the year	<u>3,257,431,189</u>	<u>3,257,431,189</u>

## 25. NET ASSET VALUE PER UNIT ATTRIBUTABLE TO UNITHOLDERS

The net asset value per Unit attributable to Unitholders is calculated by dividing the net assets attributable to Unitholders as at 31st December, 2025 of HK\$12,698,661,000 (2024: HK\$12,907,499,000) by the number of Units in issue of 3,257,431,189 (2024: 3,257,431,189) as at that date.

## 26. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

During the year ended 31st December, 2025, the Group have non-cash additions to finance lease receivables, right-of-use assets and lease liabilities of HK\$12,135,000, HK\$144,968,000 and HK\$157,103,000, respectively, in respect of lease arrangements for its hotel property and other premises.

### (b) Changes in liabilities arising from financing activities

	Lease liabilities HK\$'000	Interest-bearing bank borrowings HK\$'000
At 1st January, 2024	7,468	10,340,432
Changes from financing cash flows	(6,470)	(14,316)
Non-cash change:		
Amortisation of debt establishment costs	—	27,987
At 31st December, 2024 and at 1st January, 2025	<b>998</b>	<b>10,354,103</b>
Changes from financing cash flows	<b>(3,980)</b>	<b>(62,700)</b>
Non-cash change:		
Additions	<b>157,103</b>	—
Amortisation of debt establishment costs	—	27,956
At 31st December, 2025	<u><b>154,121</b></u>	<u><b>10,319,359</b></u>

## 27. CONNECTED AND RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with connected and/or related parties during the year:

Connected/related parties	Relationship with the Group
DB Trustees (Hong Kong) Limited	The Trustee of Regal REIT
Deutsche Bank AG and its associates (the "Deutsche Bank Group")	Connected persons of the Trustee
Regal Hotels International Holdings Limited and other members of its group (collectively the "RHIHL Group")	Substantial Unitholder of Regal REIT
Regal Portfolio Management Limited	The REIT Manager of Regal REIT and a member of the RHIHL Group
Paliburg Holdings Limited and other members of its group (collectively the "PHL Group")	Controlling shareholders of the RHIHL Group

(a) Transactions with connected/related parties:

	Notes	2025 HK\$'000	2024 HK\$'000
Contractual rental income received/receivable from the RHIHL Group	(i)	<b>680,464</b>	671,213
Hotel management fees charged by the RHIHL Group	(ii)	<b>(1,445)</b>	(1,364)
Marketing fees charged by the RHIHL Group	(iii)	<b>(325)</b>	(299)
Building management fees charged by the PHL Group	(iv)	<b>(632)</b>	(632)
REIT Manager fees	(v)	<b>(93,103)</b>	(93,031)
Trustee fees	(vi)	<b>(3,746)</b>	(3,755)
Meeting fees charged by the RHIHL Group	(vii)	<b>(160)</b>	(391)

Notes:

- (i) The rental income earned by the Group was in accordance with the relevant lease agreements with respect to the Initial Hotels, iclub Sheung Wan Hotel, iclub Fortress Hill Hotel and iclub To Kwa Wan Hotel.
- (ii) The hotel management fees in respect of iclub Wan Chai Hotel – Hotel portion were comprised of (a) a base fee, for an amount based on 2% of the gross hotel revenue, and (b) an incentive fee based on 5% of the excess of the gross operating profit over the base fee and fixed charges in accordance with the corresponding hotel management agreement.
- (iii) The marketing fees in respect of iclub Wan Chai Hotel – Hotel portion were charged at 1% of the gross hotel revenue of iclub Wan Chai Hotel – Hotel portion in accordance with the corresponding hotel management agreement.
- (iv) The building management fees were charged at a mutually agreed amount payable on a monthly basis in respect of iclub Wan Chai Hotel – Non-hotel portions.
- (v) The REIT Manager is entitled to receive Base Fees and Variable Fees, details of which, including the terms, are set out in note 6 to the consolidated financial statements.
- (vi) The Trustee is entitled to receive trustee fees (calculated and payable quarterly) at rates ranging from 0.015% per annum to 0.025% per annum based on the value of the deposited property of Regal REIT as at the end of the reporting period subject to a minimum of HK\$66,000 per month.
- (vii) The meeting fees were charged at mutually agreed amounts.

The above transactions have been entered into in the ordinary course of business and on normal commercial terms.

- (b) Balances at 31st December with connected/related parties were as follows:

	<b>Notes</b>	<b>2025</b> <b>HK\$'000</b>	2024 HK\$'000
Net amounts due from/(to) the RHIHL Group:			
Accounts payable to related companies	(i)	<b>(57,229)</b>	(43,818)
Amounts due from related companies	(i)	<b>3,239</b>	3,401
Amounts due to related companies	(i)	<b>(173,687)</b>	(183,694)
Net amounts due from the PHL Group:			
Deposits paid	(i)	<b>1,212</b>	1,212
Net amounts due to:			
The Trustee	(ii)	<b>(960)</b>	(928)
Restricted and non-restricted bank balances with the Deutsche Bank Group	(iii)	<b>153</b>	153

Notes:

- (i) The amounts are unsecured, interest-free and repayable on demand/within one year.
  - (ii) The amount is unsecured and repayable in accordance with the terms of the Trust Deed.
  - (iii) The bank balances earn interest at prevailing market rates.
- (c) The RHIHL Group has guaranteed to pay all amounts from time to time owing or payable by the lessee of the Initial Hotels to the Group under the respective lease agreements, when the same become due, together with other charges and outgoings, interest, default interest, fees and costs. In this connection, the RHIHL Group undertook to maintain a minimum consolidated tangible net worth (as defined in the relevant agreements) of HK\$4.00 billion. Under the Market Rental Package for 2025, the RHIHL Group provided a third party guarantee as security deposit for an amount of HK\$137.50 million (2024: HK\$136.00 million), which is equivalent to three-month Base Rent for the year 2025, issued by a licensed bank in Hong Kong.
- (d) Under a deed of trade mark licence, the RHIHL Group granted the REIT Manager and companies holding the Initial Hotels within the Group a non-exclusive and non-transferable licence at Nil consideration to use its registered trade marks or service marks for the purpose of describing the ownership of the Initial Hotels and/or use in connection with the business of the Initial Hotels.
- (e) On 10th February, 2014, the Group entered into a hotel management agreement with a member of the RHIHL Group in respect of the management of iclub Sheung Wan Hotel for a 10-year term commencing on 10th February, 2014 and extended its term to 31st December, 2034 (amended by the supplemental deeds dated 11th January, 2024).
- (f) On 28th July, 2014, the Group entered into a hotel management agreement with a member of the RHIHL Group in respect of the management of iclub Fortress Hill Hotel for a 10-year term commencing on 28th July, 2014 and extended its term to 31st December, 2034 (amended by the supplemental deeds dated 11th January, 2024).
- (g) On 4th September, 2017, the Group entered into a hotel management agreement with a member of the RHIHL Group in respect of the management of iclub To Kwa Wan Hotel for a 10-year term commencing on 4th September, 2017.
- (h) On 20th December, 2019, the Group entered into a hotel management agreement with a member of the RHIHL Group in respect of the management of iclub Wan Chai Hotel for a 10-year term commencing on 1st January, 2021.

## 28. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

**2025**

### Financial assets

	Financial assets at fair value through profit or loss - mandatorily designated as hedging instruments HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Accounts receivable	—	958	958
Financial assets included in prepayments, deposits and other receivables	—	5,814	5,814
Due from related companies	—	3,239	3,239
Finance lease receivables	—	8,864	8,864
Restricted cash	—	227,540	227,540
Cash and cash equivalents	—	6,599	6,599
	—	253,014	253,014

## Financial liabilities

	Financial liabilities at fair value through profit or loss - mandatorily designated as hedging instruments HK\$'000	Financial liabilities at amortised cost HK\$'000	Total HK\$'000
Accounts payable	—	57,786	57,786
Deposits received	—	1,681	1,681
Due to related companies	—	173,687	173,687
Other payables and accruals	—	40,665	40,665
Contract liabilities	—	559	559
Derivative financial instruments	35,289	—	35,289
Interest-bearing bank borrowings	—	10,319,359	10,319,359
Lease liabilities	—	154,121	154,121
	<u>35,289</u>	<u>10,747,858</u>	<u>10,783,147</u>

2024

## Financial assets

	Financial assets at fair value through profit or loss - mandatorily designated as hedging instruments HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Accounts receivable	—	335	335
Financial assets included in prepayments, deposits and other receivables	—	5,981	5,981
Due from related companies	—	3,401	3,401
Finance lease receivables	—	998	998
Derivative financial instruments	2,671	—	2,671
Restricted cash	—	259,015	259,015
Cash and cash equivalents	—	3,741	3,741
	<u>2,671</u>	<u>273,471</u>	<u>276,142</u>

## Financial liabilities

	Financial liabilities at fair value through profit or loss - mandatorily designated as hedging instruments HK\$'000	Financial liabilities at amortised cost HK\$'000	Total HK\$'000
Accounts payable	—	44,939	44,939
Deposits received	—	2,915	2,915
Due to related companies	—	183,694	183,694
Other payables and accruals	—	61,585	61,585
Contract liabilities	—	482	482
Derivative financial instruments	682	—	682
Interest-bearing bank borrowings	—	10,354,103	10,354,103
Lease liabilities	—	998	998
	682	10,648,716	10,649,398

## 29. FAIR VALUE AND FAIR VALUE HIERARCHY

The fair values of the financial assets and liabilities represent the amounts for which the instruments that could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Derivative financial instruments, including interest rate swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties and interest rate curves. The carrying amounts of interest rate swaps are the same as their fair values.

The REIT Manager considers the carrying amounts of the financial assets and financial liabilities recorded in the consolidated financial statements approximated their fair values at the end of the reporting period.

### Fair value hierarchy

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

Assets measured at fair value:

**As at 31st December, 2025**

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Property, plant and equipment	—	—	664,000	664,000
Investment properties	—	—	23,112,000	23,112,000
Derivative financial instruments	—	—	—	—
	—	—	23,776,000	23,776,000

*As at 31st December, 2024*

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Property, plant and equipment	—	—	672,000	672,000
Investment properties	—	—	23,271,000	23,271,000
Derivative financial instruments	—	2,671	—	2,671
	—	2,671	23,943,000	23,945,671

*Liability measured at fair value:*

***As at 31st December, 2025***

	Fair value measurement using			Total HK\$' 000
	Quoted prices in active markets (Level 1) HK\$' 000	Significant observable inputs (Level 2) HK\$' 000	Significant unobservable inputs (Level 3) HK\$' 000	
Derivative financial instruments	—	35,289	—	35,289

*As at 31st December, 2024*

	Fair value measurement using			Total HK\$' 000
	Quoted prices in active markets (Level 1) HK\$' 000	Significant observable inputs (Level 2) HK\$' 000	Significant unobservable inputs (Level 3) HK\$' 000	
Derivative financial instruments	—	682	—	682

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2024: Nil).

The income approach - discounted cash flow analysis was used for the valuation of property, plant and equipment and investment properties, with the following key inputs used in the projection period:

**(a) Property, plant and equipment**

	<b>Range 2025</b>	Range 2024
Significant unobservable inputs		
Capitalisation rate and discount rate	<b>3.00% to 6.00%</b>	3.00% to 6.00%
Growth rate p.a. (Approximately)	<b>2.7% to 14.2%</b>	2.7% to 15.8%
Occupancy rate	<b>96% to 98%</b>	96% to 98%
Room rate per day (Approximately)	<b>HK\$970 to HK\$1,700</b>	HK\$900 to HK\$1,600
Gross operating profit (as a % of revenue) (Approximately)	<b>47% to 52%</b>	52% to 56%

**(b) Investment properties**

	<b>Range 2025</b>	Range 2024
Significant unobservable inputs	<b>Range 2025</b>	Range 2024
Capitalisation rate and discount rate	<b>2.5% to 7.00%</b>	2.5% to 7.00%
Growth rate p.a. (Approximately)	<b>0.7% to 20.8%</b>	2.7% to 22.4%
Occupancy rate	<b>80% to 94%</b>	78% to 95%
Room rate per day (Approximately)	<b>HK\$700 to HK\$2,200</b>	HK\$700 to HK\$2,300
Gross operating profit (as a % of revenue) (Approximately)	<b>33% to 58%</b>	34% to 58%
Estimated rental p.a. (Approximately)	<b>HK\$5,500,000 to HK\$7,100,000</b>	HK\$5,600,000 to HK\$7,300,000

Under the income approach - discounted cash flow analysis, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewals and related relettings, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less operating expenses, the FF&E Reserve, building insurance, government rates and rent, base management fees and incentive fees. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

A significant increase/(decrease) in the estimated rent, the room rate per day, the occupancy rate and the growth rate per annum in isolation would result in a significant increase/(decrease) in the fair value of the hotel properties. A significant increase/(decrease) in the capitalisation rate and the discount rate in isolation would result in a significant (decrease)/increase in the fair value of the hotel properties. Generally, a change in the assumption made for the room rate per day is accompanied by a directionally similar change in the growth rate per annum and the discount rate.

### 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The REIT Manager reviews and agrees policies for managing each of these risks and they are summarised below.

#### Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rates. Interest rate risk is managed by the REIT Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

For Hong Kong dollar borrowings, assuming the amount of bank borrowings outstanding at the end of the reporting period was outstanding for the whole year, a 100 basis point increase in interest rates would have hypothetically decreased the Group's profit before tax and distributions to Unitholders for the current year by HK\$74.3 million (2024: HK\$85.6 million). A 10 basis point decrease in interest rates would have hypothetically increased the Group's profit before tax and distributions to Unitholders for the current year by HK\$7.4 million (2024: HK\$8.6 million).

The sensitivity to the interest rates used above is considered reasonable with the other variables held constant.

#### Credit risk

Credit risk is the potential financial loss which could result from the failure of a tenant or counterparty to settle its financial and contractual obligations to the Group as and when they fall due. The REIT Manager monitors the balances of its lessees on an ongoing basis. Currently, all the investment properties held by the Group are leased to lessees. Cash and fixed deposits are placed with authorised institutions which are regulated. Transactions involving financial instruments are carried out only with authorised institutions with sound credit ratings.

The Group applies the simplified approach for ECLs on accounts receivable. For financial assets included in prepayments, deposits and other receivables, amounts due from related companies, restricted cash, and cash and cash equivalents, they are classified within stage 1 for measurement of ECLs.

The maximum exposure to credit risk is the carrying amounts of such financial assets on the consolidated statement of financial position.

## Liquidity risk

The REIT Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations. In addition, the REIT Manager observes the REIT Code issued by the SFC concerning limits on total borrowings and monitors the level of borrowings of Regal REIT so that it is within the permitted limits.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	2025			Total HK\$'000
	On demand HK\$'000	Less than 12 months HK\$'000	1 to 5 years HK\$'000	
<b>Financial liabilities</b>				
Accounts payable	57,229	557	—	57,786
Deposits received	—	48	1,633	1,681
Due to related companies	—	173,687	—	173,687
Other payables and accruals	—	40,665	—	40,665
Contract liabilities	—	559	—	559
Interest-bearing bank borrowings	—	5,420,323	5,502,579	10,922,902
Lease liabilities	—	4,357	185,083	189,440
	<u>57,229</u>	<u>5,640,196</u>	<u>5,689,295</u>	<u>11,386,720</u>
<b>Derivative cash flows</b>				
Derivative financial instruments settled on net basis	—	(1,992)	(1,999)	(3,991)
	<u>—</u>	<u>(1,992)</u>	<u>(1,999)</u>	<u>(3,991)</u>
	2024			Total HK\$'000
	On demand HK\$'000	Less than 12 months HK\$'000	1 to 5 years HK\$'000	
<b>Financial liabilities</b>				
Accounts payable	43,818	1,121	—	44,939
Deposits received	—	2,282	633	2,915
Due to related companies	—	183,694	—	183,694
Other payables and accruals	—	61,585	—	61,585
Contract liabilities	—	482	—	482
Interest-bearing bank borrowings	—	1,568,169	10,134,913	11,703,082
Lease liabilities	—	999	—	999
	<u>43,818</u>	<u>1,818,332</u>	<u>10,135,546</u>	<u>11,997,696</u>
<b>Derivative cash flows</b>				
Derivative financial instruments settled on net basis	—	(5,692)	(9,550)	(15,242)
	<u>—</u>	<u>(5,692)</u>	<u>(9,550)</u>	<u>(15,242)</u>

## Capital management

The objective of the Group is to employ a growth-oriented capital structure to maximise cash flows while maintaining flexibility in funding any future acquisitions. The Group's excess borrowing capacity will be utilised to meet funding requirements relating to acquisitions of properties, as well as capital expenditures for the enhancement of the properties held by the Group.

The Group also adopts a prudent capital management policy to ensure that the leverage ratio will not exceed the threshold percentage under the REIT Code and relevant provisions in the banking facility agreements.

The Group monitors the capital management position using the loan-to-value ratio and the gearing ratio. At the end of the reporting period, the loan-to-value ratios in connection with certain banking facilities ranged from 40.2% to 49.1% (2024: ranged from 40.0% to 48.5%), which were below the thresholds as allowed under the respective banking facility agreements.

At the end of the reporting period, the gearing ratio of Regal REIT was 42.8% (2024: 43.0%), being the gross amount of the outstanding loans aggregating HK\$10,354.5 million (2024: HK\$10,412.0 million), as compared to the total gross assets of Regal REIT of HK\$24,175.2 million (2024: HK\$24,225.5 million). For details of the gross amount of the outstanding loans, refer to note 21 to the financial statements. The gearing ratio is below the maximum 50% permitted under the amended REIT Code which became effective on 4th December, 2020.

### 31. SUBSIDIARIES

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation and business	Issued ordinary share capital	Percentage of equity attributable to the Group	Principal activities
Bauhinia Hotels Limited	Hong Kong	HK\$2	100	Hotel ownership
Cityability Limited	Hong Kong	HK\$10,000	100	Hotel ownership
Gala Hotels Limited	Hong Kong	HK\$2	100	Hotel ownership
Regal Asset Holdings Limited	Bermuda/Hong Kong	US\$12,000	100	Investment holding
Regal Riverside Hotel Limited	Hong Kong	HK\$2	100	Hotel ownership
Rich Day Investments Limited	Hong Kong	HK\$1	100	Financing
Ricobem Limited	Hong Kong	HK\$100,000	100	Hotel ownership
Sonnix Limited	Hong Kong	HK\$2	100	Property ownership
R-REIT International Finance Limited	British Virgin Islands	US\$1	100	Financing
Tristan Limited	Hong Kong	HK\$20	100	Hotel ownership
Wise Decade Investments Limited	Hong Kong	HK\$1	100	Hotel ownership
Land Crown International Limited	Hong Kong	HK\$1	100	Hotel ownership

The above table lists the subsidiaries of Regal REIT which, in the opinion of the REIT Manager, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the REIT Manager, result in particulars of excessive length.

### 32. EVENT AFTER THE REPORTING PERIOD

On 20th March, 2026, the Group entered into a legally binding preliminary SP agreement with an independent third party to dispose of the entire issued share capital of Chasehill Limited (the "Target Company"), a wholly-owned subsidiary of Regal REIT, at an agreed property value of HK\$1,518,000,000. The wholly-owned subsidiary of the Target Company is the sole registered legal and beneficial owner of Regal Oriental Hotel. Further details of the transaction are contained in Regal REIT's announcement dated 22nd March, 2026.



## To the Unitholders of Regal Real Estate Investment Trust

(A Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### OPINION

We have audited the consolidated financial statements of Regal Real Estate Investment Trust ("Regal REIT") and its subsidiaries (the "Group") set out on pages 68 to 128, which comprise the consolidated statement of financial position as at 31st December, 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in net assets attributable to unitholders, the consolidated statement of cash flows and the distribution statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial disposition of the Group as at 31st December, 2025, and of its financial transactions and cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<i>Valuations of investment properties and property, plant and equipment</i>	
<p>As at 31st December, 2025, the Group's investment properties and property, plant and equipment were valued at approximately HK\$23.1 billion and HK\$0.7 billion, respectively, which made up, in aggregate, 98.3% of the Group's total assets. The Group engages an external valuer to perform the property valuations for the investment properties and property, plant and equipment on a half-yearly basis. The valuation process is inherently subjective and dependent on a number of assumptions and estimates.</p> <p>The Group's accounting policies and disclosures for the valuations of investment properties and property, plant and equipment are set out in notes 2.4, 3, 11, 12 and 29 to the consolidated financial statements.</p>	<p>With the assistance from our internal valuation specialists, we evaluated the valuation methodology used and the underlying assumptions in connection with the valuations of investment properties and property, plant and equipment of the Group as at 31st December, 2025. The valuations were based on, among others, assumptions on capitalisation rates, discount rates, terminal growth rates, occupancy rates, daily room rates, gross operating profits and estimated annual rentals.</p> <p>We evaluated the competence, capabilities and independence of the external valuer commissioned by the Group. We also assessed the adequacy of disclosures of the valuations of investment properties and property, plant and equipment in the consolidated financial statements.</p>

## **OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT**

The manager of Regal REIT (the "REIT Manager") is responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **RESPONSIBILITIES OF THE REIT MANAGER AND THE AUDIT COMMITTEE OF THE REIT MANAGER FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The REIT Manager is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA, and for such internal control as the REIT Manager determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the REIT Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the REIT Manager either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so.

In addition, the REIT Manager is required to ensure that the consolidated financial statements have been properly prepared in accordance with the relevant provisions of the trust deed dated 11th December, 2006 (as amended and restated by the first amending and restating deed dated 23rd March, 2021 and the second amending and restating deed dated 31st January, 2024) constituting Regal REIT (the "Trust Deed") and the relevant disclosure provisions of Appendix C of the Code on Real Estate Investment Trusts (the "REIT Code") issued by the Hong Kong Securities and Futures Commission.

The Audit Committee of the REIT Manager is responsible for overseeing the Group's financial reporting process.

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In addition, we are required to assess whether the consolidated financial statements of the Group have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix C of the REIT Code.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the REIT Manager.
- Conclude on the appropriateness of the REIT Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee of the REIT Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee of the REIT Manager with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee of the REIT Manager, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **REPORT ON MATTERS UNDER THE RELEVANT PROVISIONS OF THE TRUST DEED AND THE RELEVANT DISCLOSURE PROVISIONS OF APPENDIX C OF THE REIT CODE**

In our opinion, the consolidated financial statements have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix C of the REIT Code.

The engagement partner on the audit resulting in this independent auditor's report is Lo Hiu Chi (practising certificate number: P08233).

#### **Ernst & Young**

*Certified Public Accountants*

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

30th March, 2026

## PERFORMANCE TABLE

### As at 31st December, 2025

	Notes	Year ended 31st December, 2025	Year ended 31st December, 2024	Year ended 31st December, 2023	Year ended 31st December, 2022	Year ended 31st December, 2021
Net assets attributable to Unitholders (HK\$'million)		<b>12,698.7</b>	12,907.5	13,073.9	12,807.9	12,146.9
Net asset value per Unit attributable to Unitholders (HK\$)		<b>3.898</b>	3.962	4.014	3.932	3.729
The highest traded price during the year (HK\$)	1	<b>0.49</b>	0.72	1.42	1.52	1.78
The lowest traded price during the year (HK\$)		<b>0.325</b>	0.405	0.54	0.86	1.28
The closing price on the last trading day during the year (HK\$)		<b>0.34</b>	0.47	0.61	1.40	1.43
The highest discount of the traded price to net asset value per Unit attributable to Unitholders		<b>91.66%</b>	89.78%	86.55%	78.13%	65.67%
Distribution yield per Unit	2	<b>2.59%</b>	N/A	N/A	4.36%	6.01%

#### Notes:

- The highest traded price during all the relevant periods was lower than the net asset value per Unit attributable to Unitholders reported at the end of those periods. Accordingly, no premium on the traded price to net asset value per Unit attributable to Unitholders is presented.
- This is not applicable as there is no distribution declared by the Board of Directors of the REIT Manager for the year ended 31st December, 2024.
  - Distribution yield per Unit for the year ended 31st December 2025 is calculated by dividing the total distributions per Unit of HK\$0.0088 over the Unit closing price of HK\$0.34 on the last trading day of 2025. Details of the total distributions per Unit is set out in the section "Distribution Statement" on page 73.

### TO THE UNITHOLDERS OF REGAL REAL ESTATE INVESTMENT TRUST

(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

We hereby confirm that, in our opinion, the Manager of Regal Real Estate Investment Trust ("Regal REIT") has, in all material respects, managed Regal REIT in accordance with the provisions of the Trust Deed dated 11 December 2006 (as amended from time to time) for the period from 1 January 2025 to 31 December 2025.

#### **DB Trustees (Hong Kong) Limited**

*(in its capacity as trustee of Regal REIT)*

Hong Kong, 31 March 2026

# VALUATION REPORT

## Regal Portfolio Management Limited

(as the Manager of Regal Real Estate Investment Trust ("Regal REIT"))  
Unit No. 2001, 20/F,  
68 Yee Wo Street,  
Causeway Bay, Hong Kong

and

## DB Trustees (Hong Kong) Limited

(as the Trustee of Regal REIT)  
Level 60,  
International Commerce Centre,  
1 Austin Road West,  
Kowloon, Hong Kong

26 February 2026

Dear Sir/Madam

**Valuation of Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel, Regal Riverside Hotel, iclub Wan Chai Hotel, iclub Sheung Wan Hotel, iclub Fortress Hill Hotel and iclub To Kwa Wan Hotel in Hong Kong (collectively the "Properties").**

### 1.0 Instructions

We received an instruction from Regal Portfolio Management Limited ("the Manager"), acting as the manager of Regal REIT, to value the Properties in which Regal REIT have interests in Hong Kong. We confirm that we have carried out external and internal inspection, made relevant enquiries and carried out searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Properties in existing state as at **31 December 2025** (the "Valuation Date") for **annual reporting** purposes.

We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are providing an objective and unbiased valuation.

### 2.0 Basis of Valuation

In arriving at our opinion of market value, we followed the current edition of "The HKIS Valuation Standards" issued by The Hong Kong Institute of Surveyors ("HKIS") and "The RICS Valuation – Global Standards" issued by The Royal Institution of Chartered Surveyors ("RICS"), which incorporate the International Valuation Standards (the "IVS"). Under the said standards, market value is defined as: -

*"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*



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Market Value is also understood as the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

Our valuation complies with the requirements set out in the current edition of "The HKIS Valuation Standards" issued by HKIS; "RICS Valuation – Global Standards" issued by RICS; Chapter 5 of "Rules Governing the Listing of Securities" issued by The Stock Exchange of Hong Kong Limited; and Chapter 6.8 of "Code on Real Estate Investment Trusts" issued by The Securities and Futures Commission in October 2024.

### **3.0 Valuation Methodology**

Our valuation has been undertaken by using appropriate valuation methodology and our professional judgement.

As the Properties are enbloc income producing properties, we have adopted Income Approach – Discounted Cash Flow ("DCF") analysis as the principal valuation method and we have cross-checked the value by Market Approach.

#### Income Approach – DCF Analysis

Income Approach – DCF analysis is a financial modelling technique based on explicit assumptions regarding the prospective cash flow to operating real properties. This analysis involves the projection of a series of periodic cash flows to an operating property. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the Properties. In the case of operating real properties, periodic cash flow is typically estimated as gross income less vacancy and operating expenses and other outgoings. The annual gross income over the ten-year period mainly included revenues generated from hotel rooms taking into account the projected annual occupancy rate and annual growth in daily room rate. The series of periodic net operating incomes, along with an estimate of the reversionary or terminal value, anticipated at the end of the projection period, is then discounted at the discount rate, being a cost of capital or a rate of return used to convert a monetary sum, payable or receivable in the future, into present value.

We have undertaken the DCF analysis on a yearly basis over a 10-year investment horizon. The net income in the year 11 is capitalised at an appropriate yield. This analysis allows an investor or owner to make an assessment of the long-term return that is likely to be derived from a property with a combination of both income and capital growth over the investment horizon.

#### Market Approach

In adopting the Market Approach, we have made reference to the recent market sales evidence which is available in the market. Appropriate adjustments have been made in our valuation to reflect the differences in the characteristics between the Properties and the comparable properties such as location, size, age, condition, quality, view and other property characteristics in arriving at our opinion of the market value.

#### 4.0 Valuers

The valuer, on behalf of Knight Frank, with the responsibility for this report is Stella Ho MHKIS MRICS RICS Registered Valuer R.P.S. (GP). Parts of this valuation have been undertaken by additional valuers. We confirm that the valuers have sufficient knowledge of the particular market and the skills and understanding to undertake the valuation competently.

##### Valuer's Interest

We hereby confirm that:

- We have no present or prospective interest in the Properties and we are independent of Regal REIT, the Manager and the Trustee.
- We are authorised to practice as valuer and have the necessary expertise and experience in valuing similar types of properties.
- The valuations have been prepared on a fair and unbiased basis.

#### 5.0 Valuation Assumptions and Conditions

Our valuation is subject to the following assumptions and conditions.

##### Title Documents and Encumbrances

We have taken reasonable care to investigate the title of the Properties by obtaining land search record from the Land Registry. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We however do not accept a liability for any interpretation which we have placed on such information that is more properly the sphere of your legal advisers. We have also assumed in our valuation that the Properties were free from encumbrances, restrictions, title defects and outgoings of an onerous nature that could affect its value, unless stated otherwise as at the Valuation Date.

##### Disposal Costs and Liabilities

No allowance has been made in our report for any charges, mortgages or amounts owing on the Properties nor for any expenses or taxation which may be incurred in effecting a sale.

##### Source of Information

We have relied to a very considerable extent on information given by the Manager. We have accepted advice given to us on such matters as total number of guestrooms, tenancy schedules, historical profit and loss accounts of the Properties, a standard Tenancy Agreement and a Licence Agreement by the Manager, and all other relevant matters. We have not verified the correctness of any information, including their translation supplied to us concerning the Properties, whether in writing or verbally by the Manager, the Manager's representatives or by their legal or professional advisers or by any (or any apparent) occupier of the Properties or contained on the register of title. We assume that this information is complete and correct.

### Inspection

We have carried out internal and external inspections of the Properties on 13 and 14 January 2026. We have assumed in our valuation that the Properties were in reasonable exterior and interior decorative order without any unauthorised extension or structural alterations as at the Valuation Date, unless otherwise stated.

### Identity of the Properties to be valued

We have exercised reasonable care and skill (but will not have an absolute obligation to you) to ensure that the Properties, identified by the property address in your instructions, are the properties inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the properties to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

### Property Insurance

We have valued the Properties on the assumption that, in all respects, it is insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

### Areas and Age

As instructed, we have relied upon areas as available from a quoted source. The floor areas quoted throughout the report are based on the information provided by the Manager. Otherwise, dimensions and areas would be measured from plans and calculated in accordance with, where appropriate, the current HKIS Code of Measuring Practice and area quoted to a reasonable approximation, with reference to their source. We have also assumed that the site areas, floor areas, measurements and dimensions shown on the documents handed to us are correct and in approximations only. Where the age of the building is estimated, this is for guidance only.

### Structural and Services Condition

We have carried out visual inspection only without any structural investigation or building survey. During our limited inspection, we did not inspect any inaccessible areas. We are unable to confirm whether the Properties are free from urgent or significant defects or items of disrepair or any deleterious materials have been used in the construction of the Properties. Our valuation has therefore been undertaken on the basis that the Properties were in satisfactory repair and condition, contains no deleterious materials and it is sound order and free from structural faults, rot, infestation or other defects, and that the services are in a satisfactory condition.

### Ground Condition

We have assumed there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the site of the Properties are sufficient to support the building constructed or to be constructed thereon; and that the services are suitable for any existing or future development. Our valuation is therefore prepared on the basis that no extraordinary expenses or delays will be incurred in this respect.

### Environmental Issues

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential of contamination, our valuation is prepared on the assumption that the Properties are unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

### Tenancies

We are provided with the tenancy schedules and have assumed the information are true and correct. We have also assumed that the tenants will continue to occupy the premises and comply with the conditions of the tenancies until the expiry of the existing tenancy terms.

### Compliance with Relevant Ordinances and Regulations

We have assumed the buildings are in line with all planning and building regulations and guidelines. In our valuation, we have disregarded the Notices currently registered against the Properties, if any, and the effects of the defects on the value and safety of the Properties. We have further assumed that, for any use of the Properties upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorization have been obtained, except only where otherwise stated.

### Remarks

We have prepared the valuation based on the information and data available to us as at the Valuation Date. While the current market is influenced by various policies and regulations, increased global conflicts could add further fluctuations in real estate market. It must be recognised that enactment of emergency measures, changes in mortgage requirements or international tensions could be immediate and have sweeping impact on the real estate market apart from typical market variations. It should therefore be noted that any market violation, policy, geopolitical and social changes or other unexpected incidents after the Valuation Date may affect the value of the Properties.

### Currency

Unless otherwise stated, all money amounts stated in this report are in Hong Kong Dollars (HK\$).

### Others

- Unless otherwise stated, we have not carried out any valuation on a redevelopment basis, nor the study of possible alternative options.
- No acquisition costs or disposal costs have been taken into account in the valuations.
- The Government Leases will be renewed upon expiry on normal terms.

## 6.0 Summary of Values

We are of the opinion that the market values of the Properties in existing state as at the Valuation Date were as follows:

<b>Property</b>	<b>Market value in existing state as at 31 December 2025 (HK\$)</b>
<b>1. Regal Airport Hotel</b> 9 Cheong Tat Road Hong Kong International Airport Chek Lap Kok New Territories Hong Kong	1,278,000,000
<b>2. Regal Hongkong Hotel</b> 88 Yee Wo Street Causeway Bay Hong Kong	4,297,000,000
<b>3. Regal Kowloon Hotel</b> 71 Mody Road Tsim Sha Tsui Kowloon Hong Kong	5,911,000,000
<b>4. Regal Oriental Hotel</b> 30-38 Sa Po Road and Shops 3-11 on Ground Floor including Cockloft of Shops 5-7 and the whole of 1/F Po Shing Court 21-25 Shek Ku Lung Road 40-42 Sa Po Road and 15-29 Carpenter Road Kowloon City Kowloon Hong Kong	1,767,000,000
<b>5. Regal Riverside Hotel</b> 34-36 Tai Chung Kiu Road Shatin New Territories Hong Kong	5,095,000,000

<b>Property</b>	<b>Market value in existing state as at 31 December 2025 (HK\$)</b>
<b>6. iclub Wan Chai Hotel</b> Shops A, B and C on G/F, Flat Roof on 3/F Whole of 5-12/F, 15-23/F and 25-29/F Eastern and Western Elevations of External Walls Architectural Feature at Roof Top and Upper Roof 211 Johnston Road Wan Chai Hong Kong	848,000,000
<b>7. iclub Sheung Wan Hotel</b> 138 Bonham Strand Sheung Wan Hong Kong	1,632,000,000
<b>8. iclub Fortress Hill Hotel</b> 18 Merlin Street North Point Hong Kong	1,573,000,000
<b>9. iclub To Kwa Wan Hotel</b> 8 Ha Heung Road Kowloon Hong Kong	1,375,000,000
<b>Total</b>	<b>23,776,000,000</b>

Please refer to Section 7 below for property particulars of each of the Properties.

## 7.0 Valuation Particulars

### Property 1

#### REGAL AIRPORT HOTEL

9 Cheong Tat Road  
Hong Kong International Airport  
Chek Lap Kok  
New Territories, Hong Kong

Portion of the Remaining Portion of Chek Lap Kok Lot No 1 and the Extension thereto

### 1. Property Description

Regal Airport Hotel ("RAH") is located at 9 Cheong Tat Road, directly connected to Terminal 1 of the Hong Kong International Airport ("HKIA") via a covered walkway and in close proximity to AsiaWorld-Expo. The immediate locality consists of the airport's support facilities, parking areas, and passenger terminals.

RAH is a 14-storey, including a basement floor, High Tariff A hotel completed in 1999. It underwent an Asset Enhancement Programme, which was completed in October 2007, and now comprises 1,171 rooms and suites. Various restaurant, bank and offices are on the ground floor to second floor.

<b>Site Area</b>	:	10,886 sq m
<b>Gross Floor Area</b>	:	71,988 sq m
<b>Covered Floor Area</b>	:	Approx. 83,400 sq m
<b>Town Planning Zoning</b>	:	"Commercial" zone under Approved Chek Lap Kok Outline Zoning Plan No S/I-CLK/16 dated 20 January 2023.

#### Hotel Guestroom Configuration

Room Type	No of Rooms	Room Type	No of Rooms
Standard Room	173	Spa Deluxe Room	14
Superior Room	324	Spa Cabana Room	5
Deluxe Room	45	Spa Suite	2
Prime Deluxe Room	99	Honeymoon Suite	1
Premier Room	66	Royal Suite	11
Theme Room	6	Spa Duplex Suite	2
Cabana Room	17	Deluxe Suite	15
Family Triple Room	23	Apartment Suite	8
Family Quadruple Room	199	Theme Suite	1
Executive Club Floor Superior Room	68	Presidential Suite	1
Executive Club Floor Deluxe Room	91		
		<b>Total</b>	<b>1,171</b>

Notes: The room sizes range from 21 sq m to 318 sq m

## Food and Beverage Outlets

Floor	Name of Outlet	Type of Facility	Seating Area (sq m)	Capacity
				No of normal dining seating
G/F	Café Aficionado	International Buffet and Asian Specialities	869	384
G/F	The China Coast Bar + Grill	American Steakhouse	630	230
G/F	Airport Izakaya	Japanese Cuisine	310	100
1/F	Rouge	Cantonese Cuisine	480	260
2/F	Regala Café & Dessert Bar	Desserts and Drinks	326	94

## Meeting and Banquet Facilities

Floor	Name of Function Room	Type of Facility	No of Venue	Area	Maximum Seating Capacity
				(sq m)	No of seating
B/F	Pre-function Area and Meeting Rooms	Conference and Exhibition	13	815	783
1/F	Ballroom	Banquet/Convention	1	1,050	1,500
1/F	Multi-purpose Function Rooms	Meeting and Conference	7	572	403
2/F	Meeting Rooms	Meeting and Conference	3	100	38
9/F	Meeting Room	Meeting and Conference	4	234	136

## Other Facilities

Other facilities include an outdoor and an indoor swimming pool, a health club with a gymnasium, massage and spa facilities, a business centre and some retail spaces.

## 2. Ownership and Tenure

<b>Lot Numbers</b>	:	The Remaining Portion of Chek Lap Kok Lot No 1 and the Extension thereto
<b>Lease Terms</b>	:	Held under New Grant No IS7996 for a term commencing on 1 December 1995 and expiring on 30 June 2047, and has been extended for a term commencing on 1 July 2047 and expiring on 30 August 2071. The annual Government rent payable for the Lot is 3% of the rateable value.
<b>Registered Owner</b>	:	Airport Authority <sup>1</sup>

<sup>1</sup> The Hotel is sub-leased in favour of Bauhinia Hotels Limited for a term commencing from 31 December 2003 until the date occurring 25 years thereafter.

**Major Encumbrances**

- Sub-Lease of Hotel in favour of Bauhinia Hotels Limited vide memorial no IS342341 dated 12 August 2004. The term of the Sub-Lease commenced from 31 December 2003 until the date occurring 25 years thereafter.
- Supplemental Lease (To Sub-Lease of Hotel Memorial no IS342341) in favour of Bauhinia Hotels Limited vide memorial no 06112400700018 dated 8 November 2006.
- Lease Agreement (No. 1 for Regal Airport Hotel) in favour of Favour Link International Limited vide memorial no 07041300910065 dated 16 March 2007 (Remarks: By Bauhinia Hotels Limited from 30th Day of March 2007 to 31st Day of December 2015).
- First Supplemental Agreement amending Lease Agreement No. 1 for Regal Airport Hotel in favour of Favour Link International Limited vide memorial no 10052602510099 dated 12 February 2010 (Remarks: By Bauhinia Hotels Limited).
- G.N. 2762 dated 26.4.2012 under Roads (works, use and compensation) Ordinance (Chapter 370) vide memorial no 12051002590012 dated 26 April 2012 (Remarks: with plans No. ISM1731A-1 (re portion), re: PWP Item No. 834th Hong Kong-Zhuhai-Macao Bridge Hong Kong boundary crossing facilities).
- G.N. 2764 dated 26.4.2012 under Roads (works, use and compensation) Ordinance (Chapter 370) vide memorial no 12051002590024 dated 26 April 2012 (Remarks: with plan Nos. ISM1734B-I and ISM1732B-I (re portion) for creation of easements and other permanent rights and rights of temporary occupation of land. Re: PWP item No. 834th Hong Kong-Zhuhai-Macao Bridge Hong Kong boundary crossing facilities).
- G.N. 2761 dated 26.4.2012 under Roads (works, use and compensation) Ordinance (Chapter 370) vide memorial no 12051002590037 dated 26 April 2012 (Remarks: with plans No. ISM1741A (re portion), re: PWP item No. 844th Hong Kong-Zhuhai-Macao Bridge Hong Kong Link Road).

- G.N. 2763 dated 26.4.2012 under Roads (works, use and compensation) Ordinance (Chapter 370) vide memorial no 12051002590049 dated 26 April 2012 (Remarks: with plans nos. ISM1742A and ISM1757A for creation of easements and other permanent rights and rights of temporary occupation of land. Re: PWP item No. 844th Hong Kong-Zhuhai-Macao Bridge Hong Kong Link Road).
- G.N. 6022 dated 10.10.2013 under Roads (works, use and compensation) Ordinance (Chapter 370) with plan vide memorial no 13102500820010 dated 10 October 2013 (Remarks: re portion, re: PWP Item No. 834th Hong Kong-Zhuhai-Macao Bridge Hong Kong Boundary Crossing Facilities Creation of Rights of Temporary Occupation of Land).
- Consent Letter vide memorial no 13120201030063 dated 19 November 2013 (Remarks: from District Lands Officer, Islands).
- Second Supplemental Deed amending Lease Agreement No. 1 for Regal Airport Hotel in favour of Favour Link International Limited vide memorial no 15042302380228 dated 12 March 2015 (Remarks: By Bauhinia Hotels Limited).
- Consent Letter with Plan vide memorial no 15112001200210 dated 6 November 2015 (Remarks: from District Lands Officer, Islands).
- Consent Letter with Plan vide memorial no 17022300740027 dated 23 February 2017 (Remarks: from District Lands Officer, Islands).
- Third Supplemental Deed amending Lease Agreement No.1 for Regal Airport Hotel in favour of Favour Link International Limited vide memorial no 20041601820093 dated 20 December 2019.
- Particulars and Conditions of Extension of Lease Term vide memorial no 21092102780018 dated 31 August 2021 (Remarks: For a term of years commencing on the 1st day of July 2047 and Expiring on the 30th day of August 2071).
- Mortgage and Assignment of Hang Seng Bank Limited Rights vide memorial no 21092902710345 dated 10 September 2021 (Remarks: by Bauhinia Hotels Limited).
- Modification Letter with Plan vide memorial no 25061100330014 dated 29 May 2025 (Remarks: From District Lands Officer, Island).

### 3. Hotel Operation

#### Hotel Performance in 2025

**Occupancy Rate** : 67%

**Average Room Rate** : HK\$1,157

#### Lease Agreement

**Lessor** : Bauhinia Hotels Limited

**Lessee** : Favour Link International Limited

**Term of Lease Agreement** : Commencing from 30 March 2007 (the "Listing Date") and expiring on 27 December 2028 (both days inclusive)<sup>2</sup>.

#### Rental

From 2011 to 2028, the Market Rent<sup>3</sup> to be determined (the "Market Rental Package Determination") in accordance with the Lease Agreement, subject to a Floor Rent of HK\$175,000,000 per annum out of a total Floor Rent of HK\$400,000,000 for all five Initial Hotels<sup>4</sup>.

According to the 2025 and 2026 Market Rental Package Determinations, the Base Rent for RAH for both the fiscal years of 2025 and 2026 is HK\$175,000,000; and the Variable Rent is 50% of the excess of the aggregate NPI of the five Initial Hotels over the aggregate Base Rent of the Initial Hotels for the respective years, which portion shall be the proportion by which the excess NPI of this hotel bears to the aggregate excess NPI of all the Initial Hotels.

#### Hotel Management Agreement ("HMA")

**Hotel Manager** : Regal Hotels International Limited

**Term of HMA** : Twenty (20) years from the Listing Date

**Base Fee** : One percent (1%) of Gross Revenue<sup>5</sup> (for so long as the Lease Agreement is in subsistence); or  
Two percent (2%) of Gross Revenue (for other cases during the Operating Term)

**Incentive Fee** : One percent (1%) of the excess of the Adjusted GOP<sup>6</sup> over the Base Fee and the Fixed Charges (for so long as the Lease Agreement is in subsistence); or  
Five percent (5%) of the excess of the Adjusted GOP over the Base Fee and the Fixed Charges (for other cases during the Operating Term)

<sup>2</sup> Bauhinia Hotels Limited and the Airport Authority Hong Kong entered into a binding Letter of Intent on 12 December 2025 pursuant to which the Parties have agreed to extend the Sub-Lease for a further term of three years from 31 December 2028 and ending on 30 December 2031.

<sup>3</sup> According to the Lease Agreement, the Market Rent to be determined includes the Base Rent, Variable Rent and the Lessee's contribution to the FF&E Reserve.

<sup>4</sup> Namely Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel.

<sup>5</sup> According to the Hotel Management Agreement, "Gross Revenue" means all revenue derived from the Hotel.

<sup>6</sup> According to the Hotel Management Agreement, "Adjusted GOP" means the aggregate of Gross Operating Profit and Net Rental Income.

#### 4. Retail Tenancy/Licence Schedules

##### Retail<sup>7</sup>

<b>Retail Area (Lettable)</b>	:	Approx. 38,030 sq ft (3,533 sq m)
<b>Occupied Area (Lettable)</b>	:	Approx. 21,799 sq ft (2,025 sq m)
<b>Vacant Area (Lettable)</b>	:	Approx. 16,231 sq ft (1,508 sq m)
<b>Occupancy Rate</b>	:	57.3%
<b>Monthly Base Rent</b>	:	HK\$1,308,333 (All tenancies except two are exclusive of rates, management fees and air-conditioning charges; the remaining tenancies are inclusive of management fees and air-conditioning charges, but exclusive of rates.)

##### Tenancy Expiry Profile

Year	Lettable		Monthly		No of	
	Area (sq ft)	% of Total	Rent (HK\$)	% of Total	Tenancy	% of Total
Year Ending 2025	5,699	26.1%	549,600	42.0%	4	36.4%
Year Ending 2026	7,764	35.6%	298,901	22.8%	3	27.3%
Year Ending 2027	8,336	38.2%	459,832	35.1%	4	36.4%
<b>Total</b>	<b>21,799</b>	<b>100%</b> <b>(rounded)</b>	<b>1,308,333</b>	<b>100%</b> <b>(rounded)</b>	<b>11</b>	<b>100%</b> <b>(rounded)</b>

##### Tenancy Duration Profile

Tenancy Duration	Lettable		Monthly		No of	
	Area (sq ft)	% of Total	Rent (HK\$)	% of Total	Tenancy	% of Total
Up to 1 year	5,699	26.1%	549,600	42.0%	4	36.4%
More than 1 years and up to 2 years	1,921	8.8%	74,335	5.7%	1	9.1%
More than 2 years and up to 3 years	14,179	65.0%	684,398	52.3%	6	54.5%
<b>Total</b>	<b>21,799</b>	<b>100%</b> <b>(rounded)</b>	<b>1,308,333</b>	<b>100%</b>	<b>11</b>	<b>100%</b>

<sup>7</sup> The areas quoted exclude spaces which are used by RAH.

<b>Latest Expiry Date</b>	:	13 September 2027
<b>Range of Rent-free Period</b>	:	0 to 12 months
<b>Option to Renew</b>	:	N/A
<b>Summary of Terms</b>	:	The Landlord <sup>8</sup> is responsible for payment of Government Rent and the structural and external repairs while the Tenant is responsible for the internal repairs of the occupied area.

#### **Licences for Mobile Phone Base Stations, Antennae, Signage Spaces and Poster Stand(s)**

<b>Number of Licences</b>	:	4
<b>Monthly Licence Fee</b>	:	HK\$212,520 per month
<b>Latest Expiry Date</b>	:	14 February 2028

#### **5. Estimated Net Property Yield<sup>9</sup>**

13.7%

#### **6. Market Value in existing state as at 31 December 2025**

HK\$1,278,000,000 (Hong Kong Dollars One Billion Two Hundred and Seventy-Eight Million)

<sup>8</sup> All tenancy agreements/licences are entered into by Favour Link International Ltd as Landlord.

<sup>9</sup> The Estimated Net Property Yield of RAH is derived from the rent receivable in 2025 divided by the Market Value.

## Property 2

### REGAL HONGKONG HOTEL

88 Yee Wo Street  
Causeway Bay, Hong Kong

Sections C, D, E, F, G, H, I, J, L, M and the Remaining Portion of Inland Lot No 1408

#### 1. Property Description

Regal Hongkong Hotel ("RHK") is located at 88 Yee Wo Street in Causeway Bay, one of Hong Kong's shopping and entertainment districts. The immediate locality consists of major retail centres and office buildings. The area is well-connected by public transport, with convenient access to the MTR, buses, and trams.

RHK is a 38-storey, including four basement floors, High Tariff A hotel completed in 1993. It comprises 481 rooms and suites, the majority of which offer views of Victoria Park. RHK also occupies portions of the ground floor to the 3rd Floor of 68 Yee Wo Street, which are spaces ancillary to hotel use.<sup>10</sup>

<b>Site Area</b>	:	1,176 sq m
<b>Gross Floor Area</b>	:	25,090 sq m <sup>11</sup>
<b>Covered Floor Area</b>	:	Approx. 32,000 sq m <sup>12</sup>
<b>Town Planning Zoning</b>	:	"Commercial" zone under Approved Causeway Bay Outline Zoning Plan No S/H6/17 dated 18 January 2019.

#### Hotel Guestroom Configuration

Room Type	No of Rooms	Room Type	No of Rooms
Standard Room	34	Executive Suite	20
Superior Room	148	Royal Suite	2
Superior Family	23	Deluxe Suite	8
Deluxe Room	129	Presidential Suite	1
Prime Deluxe Room	27	Imperial Suite	1
Premier Room	39	Chairman Suite	1
Executive Club Floor Superior Room	12		
Executive Club Floor Deluxe Room	36		
		<b>Total</b>	<b>481</b>

Notes: The room sizes range from 22 sq.m. to 154 sq m

<sup>10</sup> The owner of RHK has also rented some spaces on G/F to 3/F of 68 Yee Wo Street for hotel ancillary use. The current monthly rent is HK\$363,115.20 with expiration on 1 March 2028.

<sup>11</sup> Area excludes the rented space.

<sup>12</sup> Area excludes the rented space.

## Food and Beverage Outlets

Floor	Name of Outlet	Type of Facility	Seating Area (sq m)	Capacity
				No of normal dining seating
G/F	Tiffany Lounge	Snacks and Drinks	137	50
1/F	Café Rivoli	International Cuisine & Buffet	376	200
3/F	Regal Palace	Cantonese Cuisine	752	500
31/F	Alto 88	Italian Cuisine	214	120

## Meeting and Banquet Facilities

Floor	Name of Function Room	Type of Facility	No of Venue	Area	Maximum Seating Capacity
				(sq m)	No of seating
2/B	Multi-purpose Function Rooms	Banquet/Convention	5	343	260
1/B	Ballroom	Banquet/Convention	1	239	239
1/B	Multi-purpose Function Rooms	Banquet/Convention	3	194	180
3/F	Meeting Rooms	Banquet/Convention	6	336	273

## Other Facilities

Other facilities include a gymnasium and an outdoor swimming pool.

## 2. Ownership and Tenure

Lot Numbers	:	Sections C, D, E, F, G, H, I, J, L, M and the Remaining Portion of Inland Lot No 1408
Lease Terms	:	The Inland Lot No 1408 is held under a Government Lease for a term of 999 years commencing from 25 December 1884.
Registered Owner	:	Cityability Limited
Major Encumbrances	:	<ul style="list-style-type: none"> <li>• Deed of Restrictive Covenant vide memorial no UB5287070 dated 13 May 1992.</li> <li>• Deed of Covenant and Grant of Right of Way and Easements and Management Agreement vide memorial no UB5287071 dated 13 May 1992.</li> <li>• Statutory Declaration as to Loss of Title Deeds vide memorial no UB8033163 dated 21 March 2000.</li> <li>• Lease Agreement (No. 2 for Regal Hongkong Hotel) in favour of Favour Link International Limited vide memorial no 07041300910073 dated 16 March 2007.</li> </ul>

- First Supplemental Agreement amending Lease Agreement No. 2 for Regal Hongkong Hotel in favour of Favour Link International Limited vide memorial no 10052602510109 dated 12 February 2010.
- Second Supplemental Deed amending Lease Agreement No. 2 for Regal Hongkong Hotel in favour of Favour Link International Limited vide memorial no 15042302380234 dated 12 March 2015.
- Third Supplemental Deed amending Lease Agreement No.2 for Regal Hongkong Hotel in favour of Favour Link International Limited vide memorial no 20041601820103 dated 20 December 2019.
- Cityability Debenture in favour of Hang Seng Bank Limited vide memorial no 21092902710364 dated 10 September 2021.

### 3. Hotel Operation

#### Hotel Performance in 2025

**Occupancy Rate** : 74%

**Average Room Rate** : HK\$1,120

#### Lease Agreement

**Lessor** : Cityability Limited

**Lessee** : Favour Link International Limited

**Term of Lease Agreement** : Commencing from the Listing Date and expiring on 31 December 2030 (both days inclusive)

#### Rental

From 2011 to 2030, the Market Rent<sup>13</sup> to be determined (the "Market Rental Package Determination") in accordance with the Lease Agreement, subject to a Floor Rent of HK\$60,000,000 per annum out of a total Floor Rent of HK\$400,000,000 for all five Initial Hotels<sup>14</sup>.

According to the 2025 and 2026 Market Rental Package Determinations, the Base Rent for RHK for both the fiscal years of 2025 and 2026 is HK\$92,000,000; and the Variable Rent is 50% of the excess of the aggregate NPI of the five Initial Hotels over the aggregate Base Rent of the Initial Hotels for the respective years, which portion shall be the proportion by which the excess NPI of this hotel bears to the aggregate excess NPI of all the Initial Hotels.

<sup>13</sup> According to the Lease Agreement, the Market Rent to be determined includes the Base Rent, Variable Rent and the Lessee's contribution to the FF&E Reserve.

<sup>14</sup> Namely Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel.

### Hotel Management Agreement (“HMA”)

<b>Hotel Manager</b>	:	Regal Hotels International Limited
<b>Term of HMA</b>	:	Twenty (20) years from the Listing Date
<b>Base Fee</b>	:	One percent (1%) of Gross Revenue <sup>15</sup> (for so long as the Lease Agreement is in subsistence); or Two percent (2%) of Gross Revenue (for other cases during the Operating Term)
<b>Incentive Fee</b>	:	One percent (1%) of the excess of the Adjusted GOP <sup>16</sup> over the Base Fee and the Fixed Charges (for so long as the Lease Agreement is in subsistence); or Five percent (5%) of the excess of the Adjusted GOP over the Base Fee and the Fixed Charges (for other cases during the Operating Term)

## 4. Licence Schedules

### Licences for Installation of Mobile Radio Equipment and Integrated Radio System (“IRS”)

<b>Number of Licences</b>	:	2
<b>Monthly Licence Fee</b>	:	HK\$150,300 per month
<b>Latest Expiry Date</b>	:	15 August 2028

## 5. Estimated Net Property Yield<sup>17</sup>

2.1%

## 6. Market Value in existing state as at 31 December 2025

HK\$4,297,000,000 (Hong Kong Dollars Four Billion Two Hundred and Ninety-Seven Million)

<sup>15</sup> According to the Hotel Management Agreement, “Gross Revenue” means all revenue derived from the Hotel.

<sup>16</sup> According to the Hotel Management Agreement, “Adjusted GOP” means the aggregate of Gross Operating Profit and Net Rental Income.

<sup>17</sup> The Estimated Net Property Yield of RHK is derived from the rent receivable in 2025 divided by the Market Value.

### Property 3

## REGAL KOWLOON HOTEL

71 Mody Road  
Tsim Sha Tsui, Kowloon, Hong Kong

Kowloon Inland Lot No 10474

### 1. Property Description

Regal Kowloon Hotel ("RKH") is located at 71 Mody Road in Tsim Sha Tsui, a well-known area in Hong Kong featuring a mix of shopping, dining and cultural attractions. The immediate locality consists of major shopping centres, office buildings, hotels and landmarks such as Avenue of Stars, Hong Kong Museum of History and Hong Kong Science Museum. The area is well connected by public transport, with convenient access to the MTR and buses.

RKH is a 20-storey, including four basement floors, High Tariff A hotel completed in 1982. It comprises 600 rooms, the majority of which offer open view of Centenary Garden. The retail shops and restaurants are located on the 1st to 3rd Basement Floors and the Ground to 2nd Floors.

<b>Site Area</b>	:	2,560 sq m
<b>Gross Floor Area</b>	:	31,746 sq m
<b>Covered Floor Area</b>	:	Approx. 43,500 sq m
<b>Town Planning Zoning</b>	:	"Commercial" zone under Approved Tsim Sha Tsui Outline Zoning Plan No S/K1/30 dated 17 October 2025.

#### Hotel Guestroom Configuration

Room Type	No of Rooms	Room Type	No of Rooms
Standard Room	94	Executive Club Floor Premier Room	31
Superior Room	63	Executive Suite	12
Deluxe Room	109	Royal Suite	10
Premier Room	144	Deluxe Suite	16
Executive Club Floor Superior Room	40	Presidential Suite	1
Executive Club Floor Deluxe Room	80		
		<b>Total</b>	<b>600</b>

Notes: The room sizes range from 19 sq.m. to 140 sq m

## Food and Beverage Outlets

Floor	Name of Outlet	Type of Facility	Seating Area (sq m)	Capacity
				No of normal dining seating
1/B	Café Allegro	International Buffets	350	186
G/F	V Bar & Lounge <sup>18</sup>	Snacks and Cocktails	89	56
1/F	Mezzo	American Italian Cuisine	199	90
2/F	Regal Court	Chinese Cuisine	673	266

## Meeting and Banquet Facilities

Floor	Name of Function Room	Type of Facility	No of Venue	Area	Maximum Seating Capacity
				(sq m)	No of seating
2/F	Multi-purpose Function Rooms	Banquet/Convention	6	331	260
3/F	Ballroom	Banquet/Convention	1	353	360
3/F	Multi-purpose Function Rooms	Banquet/Convention	6	665	360

## Other Facilities

Other facilities include a fitness room and a shopping arcade.

## 2. Ownership and Tenure

Lot Number	:	Kowloon Inland Lot No 10474
Lease Terms	:	The Kowloon Inland Lot No 10474 is held under Conditions of Sale No 10983 for a term of 75 years commencing from 28 December 1976 and renewable for a further term of 75 years.
Registered Owner	:	Ricobem Limited
Major Encumbrances	:	<ul style="list-style-type: none"> <li>• Letter of Compliance from District Lands Office Kowloon West Kowloon Government Offices to Paliburg Project Management Limited vide memorial no UB3990407 dated 6 July 1982.</li> <li>• Statutory Declaration as to Loss of Title Deeds vide memorial no UB8033162 dated 21 March 2000.</li> <li>• Lease Agreement (No. 3 for Regal Kowloon Hotel) in favour of Favour Link International Limited vide memorial no 07041300910082 dated 16 March 2007 (Remarks: For the period commencing from 30 March 2007 to 31 December 2015).</li> </ul>

<sup>18</sup> Additional outdoor seating areas are provided on the G/F.

- First Supplemental Agreement amending Lease Agreement No. 3 for Regal Kowloon Hotel in favour of Favour Link International Limited vide memorial no 10052602510128 dated 12 February 2010.
- Second Supplemental Deed amending Lease Agreement No. 3 for Regal Kowloon Hotel in favour of Favour Link International Limited vide memorial no 15042302380241 dated 12 March 2015.
- Third Supplemental Deed amending Lease Agreement No.3 for Regal Kowloon Hotel in favour of Favour Link International Limited vide memorial no 20041601820111 dated 20 December 2019.
- Debenture and Mortgage in favour of Industrial and Commercial Bank of China (Asia) Limited vide memorial no 22070702330270 dated 30 June 2022.
- Assignment of Rentals and Receivables in favour of Industrial and Commercial Bank of China (Asia) Limited vide memorial no 22070702330282 dated 30 June 2022.

### 3. Hotel Operation

#### Hotel Performance in 2025

**Occupancy Rate** : 77%

**Average Room Rate** : HK\$1,063

#### Lease Agreement

**Lessor** : Ricobem Limited

**Lessee** : Favour Link International Limited

**Term of Lease Agreement** : Commencing from the Listing Date and expiring on 31 December 2030 (both days inclusive).

## Rental

From 2011 to 2030, the Market Rent<sup>19</sup> to be determined (the “Market Rental Package Determination”) in accordance with the Lease Agreement, subject to a Floor Rent of HK\$65,000,000 per annum out of a total Floor Rent of HK\$400,000,000 for all five Initial Hotels<sup>20</sup>.

According to the 2025 and 2026 Market Rental Package Determinations, the Base Rent for RKH for both the fiscal years of 2025 and 2026 is HK\$118,000,000; and the Variable Rent is 50% of the excess of the aggregate NPI of the five Initial Hotels over the aggregate Base Rent of the Initial Hotels for the respective years, which portion shall be the proportion by which the excess NPI of this hotel bears to the aggregate excess NPI of all the Initial Hotels.

## Hotel Management Agreement (“HMA”)

<b>Hotel Manager</b>	:	Regal Hotels International Limited
<b>Term of HMA</b>	:	Twenty (20) years from the Listing Date
<b>Base Fee</b>	:	One percent (1%) of Gross Revenue <sup>21</sup> (for so long as the Lease Agreement is in subsistence); or Two percent (2%) of Gross Revenue (for other cases during the Operating Term)
<b>Incentive Fee</b>	:	One percent (1%) of the excess of the Adjusted GOP <sup>22</sup> over the Base Fee and the Fixed Charges (for so long as the Lease Agreement is in subsistence); or Five percent (5%) of the excess of the Adjusted GOP over the Base Fee and the Fixed Charges (for other cases during the Operating Term)

<sup>19</sup> According to the Lease Agreement, the Market Rent to be determined includes the Base Rent, Variable Rent and the Lessee’s contribution to the FF&E Reserve.

<sup>20</sup> Namely Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel.

<sup>21</sup> According to the Hotel Management Agreement, “Gross Revenue” means all revenue derived from the Hotel.

<sup>22</sup> According to the Hotel Management Agreement, “Adjusted GOP” means the aggregate of Gross Operating Profit and Net Rental Income.

#### 4. Retail Tenancy/Licence Schedules

##### Retail<sup>23</sup>

<b>Retail Area (Lettable)</b>	:	Approx. 43,147 sq ft (4,008 sq m)
<b>Occupied Area (Lettable)</b>	:	Approx. 22,038 sq ft (2,047 sq m)
<b>Vacant Area (Lettable)</b>	:	Approx. 21,109 sq ft (1,961 sq m)
<b>Occupancy Rate</b>	:	51.1%
<b>Monthly Base Rent</b>	:	HK\$929,493 (Three of the tenancies are exclusive of rates but inclusive of management fees and air-conditioning charges; the remaining tenancies are exclusive of management fees, air-conditioning charges and rates.)

##### Tenancy Expiry Profile

Year	Lettable		Monthly		No of	
	Area (sq ft)	% of Total	Rent (HK\$)	% of Total	Tenancy	% of Total
Year Ending 2025	242	1.1%	9,000	1.0%	1	10.0%
Year Ending 2026	20,478	92.9%	870,818	93.7%	8	80.0%
Year Ending 2027	1,318	6.0%	49,675	5.3%	1	10.0%
<b>Total</b>	<b>22,038</b>	<b>100%</b>	<b>929,493</b>	<b>100%</b>	<b>10</b>	<b>100%</b>

##### Tenancy Duration Profile

Tenancy Duration	Lettable		Monthly		No of	
	Area (sq ft)	% of Total	Rent (HK\$)	% of Total	Tenancy	% of Total
Up to 1 year	1,185	5.4%	101,975	11.0%	3	30.0%
More than 2 years and up to 3 years	20,681	93.8%	824,018	88.7%	6	60.0%
More than 3 years and up to 4 years	172	0.8%	3,500	0.4%	1	10.0%
<b>Total</b>	<b>22,038</b>	<b>100%</b>	<b>929,493</b>	<b>100%</b> (rounded)	<b>10</b>	<b>100%</b>

<sup>23</sup> The areas quoted exclude spaces which are used by RKH.

<b>Latest Expiry Date</b>	:	31 December 2027
<b>Range of Rent-free Period</b>	:	0 to 4 months
<b>Summary of Terms</b>	:	The Landlord <sup>24</sup> is responsible for payment of Government Rent and the structural and external repairs while the Tenant is responsible for the internal repairs of the occupied area.

**Licences for Mobile Phone Base Stations, Antennae, Signage Spaces and Poster Stand(s)**

<b>Number of Licences</b>	:	4
<b>Monthly Licence Fee</b>	:	HK\$126,641 per month
<b>Latest Expiry Date</b>	:	30 November 2026

**5. Estimated Net Property Yield<sup>25</sup>**

2.0%

**6. Market Value in existing state as at 31 December 2025**

HK\$5,911,000,000 (Hong Kong Dollars Five Billion Nine Hundred and Eleven Million)

<sup>24</sup> All tenancy agreements/licences are entered into by Favour Link International Ltd as Landlord.

<sup>25</sup> The Estimated Net Property Yield of RKH is derived from the rent receivable in 2025 divided by the Market Value.

## Property 4

### REGAL ORIENTAL HOTEL

**30-38 Sa Po Road and  
Shops 3-11 on G/F including Cockloft of Shops 5-7 and the Whole of 1/F Floor  
Po Sing Court, 21-25 Shek Ku Lung Road, 40-42 Sa Po Road and 15-29 Carpenter Road  
Kowloon City, Kowloon, Hong Kong  
(collectively, the "Property")**

New Kowloon Inland Lot No 5754  
and 41/180<sup>th</sup> undivided shares of and in New Kowloon Inland Lot No 4917

#### 1. Property Description

The major portion of the Property, i.e. Regal Oriental Hotel ("ROH"), is located at 30-38 Sa Po Road in Kowloon City, facing the old Kai Tak Airport, which was once Hong Kong's main aviation hub. The immediate locality features a mix of cultural heritage and community spaces in Kowloon City, along with new commercial or residential developments in Kai Tak.

ROH is a 17-storey, including two basement floors, High Tariff B hotel completed in 1982. After the Asset Enhancement Programme in 2007 and the conversion projects in 2013, it now comprises 494 rooms and suites. The Property also consists of nine shop units on the ground floor, three of which have cocklofts, as well as the 1st Floor of an adjacent 14-storey building ("Po Sing Court") which was completed in 1967. The 1st Floor of Po Sing Court is designated for back-of-house uses.

<b>Site Area</b>	:	New Kowloon Inland Lot No 5754 (Regal Oriental Hotel) – 1,797 sq m New Kowloon Inland Lot No 4917 (Po Sing Court) – 741 sq m
<b>Gross Floor Area</b>	:	22,601 sq m
<b>Covered Floor Area</b>	:	Approx. 27,300 sq m
<b>Town Planning Zoning</b>	:	ROH falls within "Commercial" zone and Po Sing Court falls within "Residential (Group A) 2" zone under Draft Ma Tau Kok Outline Zoning Plan No S/K10/31 dated 24 December 2025.

#### Hotel Guestroom Configuration

Room Type	No of Rooms	Room Type	No of Rooms
Standard Room	77	Executive Club Floor Superior Room	45
Superior Room	149	Executive Suite	14
Deluxe Room	72	Royal Suite	1
Prime Deluxe Room	71	Deluxe Suite	9
Family Quadruple Room	55	Presidential Suite	1
		<b>Total</b>	<b>494</b>

Notes: The room sizes range from 12 sq m to 105 sq m

### Food and Beverage Outlets

Floor	Name of Outlet	Type of Facility	Seating Area (sq m)	Capacity No of normal dining seating
G/F	The China Coast Pub <sup>26</sup>	Pub & Restaurant	155	72

### Meeting and Banquet Facilities

Floor	Name of Function Room	Type of Facility	No of Venue	Area (sq m)	Maximum Seating Capacity No of seating
1/F	Ballroom	Banquet/Convention	1	345	300
1/F	Multi-purpose Function Rooms	Banquet/Convention	7	302	294

### Other Facilities

Other facilities include a fitness room and retail spaces.

## 2. Ownership and Tenure

<b>Lot Numbers</b>	:	New Kowloon Inland Lot No 5754 and New Kowloon Inland Lot No 4917
<b>Lease Terms</b>	:	<p>New Kowloon Inland Lot No 5754 is held under Conditions of Sale No 11240 for a term of 99 years less the last three days commencing from 1 July 1898 and has been statutorily extended to 30 June 2047.</p> <p>New Kowloon Inland Lot No 4917 is held under Conditions of Sale No 8785 for a term of 99 years less the last three days commencing from 1 July 1898 and has been statutorily extended to 30 June 2047.</p>
<b>Registered Owner</b>	:	Gala Hotels Limited

<sup>26</sup> Additional outdoor seating areas are provided on the G/F.

## Major Encumbrances

:

New Kowloon Inland Lot No 5754 (Regal Oriental Hotel)

- Deed of Grant of Easement with Plan vide memorial no UB2111189 dated 23 June 1981.
- Modification Letter vide memorial no UB2144106 dated 26 August 1981.
- Letter of Compliance from District Lands Office Kowloon West to Paliburg Project Management Limited vide memorial no UB3990406 dated 27 July 1982.
- Statutory Declaration as to Loss of Title Deeds vide memorial no UB8033164 dated 21 March 2000.
- Lease Agreement (No. 4 for Regal Oriental Hotel) in favour of Favour Link International Limited vide memorial no 07041300910095 dated 16 March 2007 (Remarks: For the period commencing from 30 March 2007 to 31 December 2015)
- First Supplemental Agreement amending Lease Agreement No. 4 for Regal Oriental Hotel in favour of Favour Link International Limited vide memorial no 10052602510111 dated 12 February 2010.
- Second Supplemental Deed amending Lease Agreement No. 4 for Regal Oriental Hotel in favour of Favour Link International Limited vide memorial no 15042302380254 dated 12 March 2015.
- Third Supplemental Deed amending Lease Agreement No. 4 for Regal Oriental Hotel in favour of Favour Link International Limited vide memorial no 20041601820121 dated 20 December 2019.
- Gala Debenture in favour of Hang Seng Bank Limited vide memorial no 21092902710383 dated 10 September 2021.

New Kowloon Inland Lot No 4917 (Shops 3-11 including Cocklofts of Shops 5, 6, 7 on Ground Floor and Whole of the First Floor of Po Sing Court)

- Management Agreement in favour of The Hong Kong Building and Loan Agency Limited (Agency) and National Investment Company Limited (Manager) registered vide memorial no UB604982 dated 28 November 1967.
- Deed of Mutual Covenant vide memorial no UB607737 dated 12 December 1967.

- Lease Agreement (No. 4 for Regal Oriental Hotel) in favour of Favour Link International Limited vide memorial no 07041300910095 dated 16 March 2007 (Remarks: For the period commencing from 30 March 2007 to 31 December 2015).
- First Supplemental Agreement amending Lease Agreement No. 4 for Regal Oriental Hotel in favour of Favour Link International Limited vide memorial no 10052602510111 dated 12 February 2010.
- Second Supplemental Deed amending Lease Agreement No. 4 for Regal Oriental Hotel in favour of Favour Link International Limited vide memorial no 15042302380254 dated 12 March 2015.
- Order No. "UBCSN/05-29/0001/12" under S.24(1) of the Buildings Ordinance with plans vide memorial no 17041302060283 dated 14 December 2016 (Remarks: By the Building Authority Re: Common Part(s) only).
- Third Supplemental Deed amending Lease Agreement No. 4 for Regal Oriental Hotel in favour of Favour Link International vide memorial no 20041601820121 Limited dated 20 December 2019.
- Order No. "D00133/K/20/TE" by the Building Authority under Section 26 of the Buildings Ordinance vide memorial no 20100702240477 dated 3 September 2020 (Remarks: for common areas (including common staircase) of the building).
- Gala Debenture in favour of Hang Seng Bank Limited vide memorial no 21092902710383 dated 10 September 2021.
- Order No. "DR00792/K/22" by the Building Authority under S.28(3) of the Buildings Ordinance vide memorial no 22121401110015 dated 7 October 2022 (Remarks: for common part(s) only).

### 3. Hotel Operation

#### Hotel Performance in 2025

**Occupancy Rate** : 77%

**Average Room Rate** : HK\$641

#### Lease Agreement

**Lessor** : Gala Hotels Limited

**Lessee** : Favour Link International Limited

**Term of Lease Agreement** : Commencing from the Listing Date and expiring on 31 December 2030 (both days inclusive).

#### Rental

From 2011 to 2030, the Market Rent<sup>27</sup> to be determined (the "Market Rental Package Determination") in accordance with the Lease Agreement, subject to a Floor Rent of HK\$30,000,000 per annum out of a total Floor Rent of HK\$400,000,000 for all five Initial Hotels<sup>28</sup>.

According to the 2025 and 2026 Market Rental Package Determinations, the Base Rent for the Property for the fiscal years of 2025 and 2026 is HK\$37,000,000 and HK\$40,000,000 respectively; and the Variable Rent is 50% of the excess of the aggregate NPI of the five Initial Hotels over the aggregate Base Rent of the Initial Hotels for the respective years, which portion shall be the proportion by which the excess NPI of this hotel bears to the aggregate excess NPI of all the Initial Hotels.

#### Hotel Management Agreement ("HMA")

**Hotel Manager** : Regal Hotels International Limited

**Term of HMA** : Twenty (20) years from the Listing Date

**Base Fee** : One percent (1%) of Gross Revenue<sup>29</sup> (for so long as the Lease Agreement is in subsistence); or  
Two percent (2%) of Gross Revenue (for other cases during the Operating Term)

**Incentive Fee** : One percent (1%) of the excess of the Adjusted GOP<sup>30</sup> over the Base Fee and the Fixed Charges (for so long as the Lease Agreement is in subsistence); or  
Five percent (5%) of the excess of the Adjusted GOP over the Base Fee and the Fixed Charges (for other cases during the Operating Term)

<sup>27</sup> According to the Lease Agreement, the Market Rent to be determined includes the Base Rent, Variable Rent and the Lessee's contribution to the FF&E Reserve.

<sup>28</sup> Namely Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel.

<sup>29</sup> According to the Hotel Management Agreement, "Gross Revenue" means all revenue derived from the Hotel.

<sup>30</sup> According to the Hotel Management Agreement, "Adjusted GOP" means the aggregate of Gross Operating Profit and Net Rental Income.

#### 4. Retail Tenancy/Licence Schedules

##### Retail/Office<sup>31</sup>

<b>Retail/Office Area (Lettable)</b>	:	ROH - Approx. 12,263 sq ft (1,139 sq m) Po Sing Court – Approx. 12,534 sq ft (1,164 sq m)
<b>Occupied Area (Lettable)</b>	:	ROH – Approx. 0 sq ft (0 sq m) Po Sing Court – Approx. 6,124 sq ft (569 sq m)
<b>Vacant Area (Lettable)</b>	:	ROH - Approx. 12,263 sq ft (1,139 sq m) Po Sing Court – Approx. 6,410 sq ft (595 sq m)
<b>Occupancy Rate</b>	:	ROH – 0% Po Sing Court – 48.9%
<b>Monthly Base Rent</b>	:	ROH - HK\$0 Po Sing Court - HK\$135,955 (All tenancies are exclusive of rates, management fees and air-conditioning charges)

##### ROH

<b>Latest Expiry Date</b>	:	N/A
<b>Range of Rent-free Period</b>	:	N/A
<b>Option to Renew</b>	:	N/A
<b>Summary of Terms</b>	:	N/A

##### Po Sing Court

##### Tenancy Expiry Profile

Year	Lettable Area		Monthly Rent		No of Tenancy	
	(sq ft)	% of Total	(HK\$)	% of Total		% of Total
Year Ending 2026	4,604	75.2%	65,955	48.5%	2	66.7%
Year Ending 2027	1,520	24.8%	70,000	51.5%	1	33.3%
<b>Total</b>	<b>6,124</b>	<b>100%</b>	<b>135,955</b>	<b>100%</b>	<b>2</b>	<b>100%</b>

<sup>31</sup> The areas quoted exclude spaces which are used by ROH. An office area of approximately 4,688 sq ft is used by ROH.

### Tenancy Duration Profile

Tenancy Duration	Lettable Area		Monthly Rent		No of	
	(sq ft)	% of Total	(HK\$)	% of Total	Tenancy	% of Total
Up to 1 year	4,604	75.2%	65,955	48.5%	2	66.7%
More than 2 years and up to 3 years	1,520	24.8%	70,000	51.5%	1	33.3%
<b>Total</b>	<b>6,124</b>	<b>100%</b>	<b>135,955</b>	<b>100%</b>	<b>2</b>	<b>100%</b>

**Latest Expiry Date** : 12 April 2027

**Range of Rent-free Period** : 0 to 2 months

**Option to Renew** : N/A

**Summary of Terms** : The Landlord<sup>32</sup> is responsible for payment of Government Rent and the structural and external repairs while the Tenant is responsible for the internal repairs of the occupied area.

### Licences for Mobile Phone Base Stations, Antennae, Signage Spaces and Poster Stand(s)

**Number of Licences** : 3

**Monthly Licence Fee** : HK\$69,365 per month

**Latest Expiry Date** : 31 December 2026

## 5. Estimated Net Property Yield<sup>33</sup>

2.1%

## 6. Market Value in existing state as at 31 December 2025

HK\$1,767,000,000 (Hong Kong Dollars One Billion Seven Hundred and Sixty-Seven Million)

This comprises the following components:

- Regal Oriental Hotel portion: HK\$1,647,000,000 (Hong Kong Dollars One Billion Six Hundred and Forty-Seven Million)
- Po Sing Court portion: HK\$120,000,000 (Hong Kong Dollars One Hundred and Twenty Million)

<sup>32</sup> All tenancy agreements / licences are entered into by Favour Link International Ltd as Landlord.

<sup>33</sup> The Estimated Net Property Yield of ROH is derived from the rent receivable in 2025 divided by the Market Value.

## Property 5

### REGAL RIVERSIDE HOTEL

34-36 Tai Chung Kiu Road  
Shatin, New Territories, Hong Kong

Sha Tin Town Lot No 160

#### 1. Property Description

Regal Riverside Hotel (“RRH”) is located at 34-36 Tai Chung Kiu Road in Shatin, a well-developed district in the New Territories of Hong Kong. The immediate locality features a mix of residential neighborhoods, recreational facilities, and shopping centres such as New Town Plaza. With easy access to public transport, including the MTR, buses, and taxis, RRH offers convenient connectivity to other districts in Hong Kong.

RRH is a 20-storey, including two basement floors, High Tariff B hotel completed in 1986. Following renovation works in 2020, it now comprises 1,147 guestrooms, some of which offer open view of the Shing Mun River.

<b>Site Area</b>	:	4,956 sq m
<b>Gross Floor Area</b>	:	59,668 sq m
<b>Covered Floor Area</b>	:	Approx. 69,100 sq m
<b>Town Planning Zoning</b>	:	“Commercial” zone under Approved Sha Tin Outline Zoning Plan No S/ST/38 dated 7 June 2024.

#### Hotel Guestroom Configuration

Room Type	No of Rooms	Room Type	No of Rooms
Standard Room	131	Executive Club Floor River View Room	14
Superior Room	396	Spa Superior Room	4
Deluxe Room	175	Spa Deluxe Room	3
Prime Deluxe Room	189	Executive Suite	11
Premier Room	98	Royal Suite	1
Premier Riverview Room	60	Deluxe Suite	6
Executive Club Floor Superior Room	40	Presidential Suite	1
Executive Club Floor Deluxe Room	18		
		<b>Total</b>	<b>1,147</b>

Notes: The room sizes range from 10 sq.m.to 121 sq m

## Food and Beverage Outlets

Floor	Name of Outlet	Type of Facility	Seating Area (sq m)	Capacity
				No of normal dining seating
G/F	Moon River	Local Eatery	145	94
G/F	Avanti Pizzeria <sup>34</sup>	American-Italian Cuisine	154	98
G/F	Scene Bar <sup>35</sup>	Lounge and Bar	210	88
2/F	Regal Terrace	Cantonese with seafood specialities	726	260
2/F	Regal Court	Cantonese with Sichuan flavours	205	80
3/F	L'Eau Restaurant	International Buffet with Poolside BBQ	409	220

## Meeting and Banquet Facilities

Floor	Name of Function Room	Type of Facility	No of Venue	Area (sq m)	Maximum Seating Capacity
					No of seating
1/F	Ballroom	Banquet/Convention	1	549	456
1/F	Multi-purpose Function Rooms	Banquet/Convention	2	115	72
1/F	Forum	Meeting and Convention	1	518	500
2/F	Multi-purpose Function Rooms	Banquet/Convention	5	390	264
3/F	Multi-purpose Function Rooms	Banquet/Convention	1	416	300

## Other Facilities

Other facilities include an outdoor swimming pool, a health club with a gymnasium and spa/massage facilities and retail spaces.

<sup>34</sup> Additional outdoor seating areas are provided on the G/F.

<sup>35</sup> Additional outdoor seating areas are provided on the G/F.

## 2. Ownership and Tenure

<b>Lot Number</b>	:	Sha Tin Town Lot No 160
<b>Lease Terms</b>	:	Sha Tin Town Lot No 160 is held under New Grant No 11571 for a term of 99 years less the last three days commencing from 1 July 1898 and has been statutorily extended to 30 June 2047.
<b>Registered Owner</b>	:	Regal Riverside Hotel Limited
<b>Major Encumbrances</b>	:	<ul style="list-style-type: none"><li>• Modification Letter vide memorial no ST211142 dated 1 June 1982.</li><li>• Modification Letter vide memorial no ST353344 dated 28 August 1986.</li><li>• Letter of Compliance vide memorial no ST430228 dated 18 July 1986.</li><li>• Statutory Declaration as to Loss of Title Deeds vide memorial no ST1145794 dated 21 March 2000.</li><li>• Lease Agreement (No. 5 for Regal Riverside Hotel) in favour of Favour Link International Limited registered vide memorial no 07041300910108 dated 16 March 2007 (Remarks: For the period commencing from 30 March 2007 to 31 December 2015).</li><li>• Modification Letter vide memorial no 07111601000553 dated 14 November 2007.</li><li>• First Supplemental Agreement amending Lease Agreement No. 5 for Regal Riverside Hotel in favour of Favour Link International Limited vide memorial no 10052602510131 dated 12 February 2010.</li><li>• Second Supplemental Deed amending Lease Agreement No. 5 for Regal Riverside Hotel in favour of Favour Link International Limited vide memorial no 15042302380265 dated 12 March 2015.</li><li>• Third Supplemental Deed amending Lease Agreement No.5 for Regal Riverside Hotel vide memorial no 20041601820134 dated 20 December 2019.</li><li>• Regal Riverside Debenture in favour of Hang Seng Bank Limited vide memorial no 21092902710405 dated 10 September 2021.</li></ul>

### 3. Hotel Operation

#### Hotel Performance in 2025

**Occupancy Rate** : 74%

**Average Room Rate** : HK\$685

#### Lease Agreement

**Lessor** : Regal Riverside Hotel Limited

**Lessee** : Favour Link International Limited

**Term of Lease Agreement** : Commencing from the Listing Date and expiring on 31 December 2030 (both days inclusive).

#### Rental

From 2011 to 2030, the Market Rent<sup>36</sup> to be determined (the “Market Rental Package Determination”) in accordance with the Lease Agreement, subject to a Floor Rent of HK\$70,000,000 per annum out of a total Floor Rent of HK\$400,000,000 for all five Initial Hotels<sup>37</sup>.

According to the 2025 and 2026 Market Rental Package Determinations, the Base Rent for RRH for both the fiscal years of 2025 and 2026 is HK\$128,000,000; and the Variable Rent is 50% of the excess of the aggregate NPI of the five Initial Hotels over the aggregate Base Rent of the Initial Hotels for the respective years, which portion shall be the proportion by which the excess NPI of this hotel bears to the aggregate excess NPI of all the Initial Hotels.

#### Hotel Management Agreement (“HMA”)

**Hotel Manager** : Regal Hotels International Limited

**Term of HMA** : Twenty (20) years from the Listing Date

**Base Fee** : One percent (1%) of Gross Revenue<sup>38</sup> (for so long as the Lease Agreement is in subsistence); or

Two percent (2%) of Gross Revenue (for other cases during the Operating Term)

**Incentive Fee** : One percent (1%) of the excess of the Adjusted GOP<sup>39</sup> over the Base Fee and the Fixed Charges (for so long as the Lease Agreement is in subsistence); or

Five percent (5%) of the excess of the Adjusted GOP over the Base Fee and the Fixed Charges (for other cases during the Operating Term)

<sup>36</sup> According to the Lease Agreement, the Market Rent to be determined includes the Base Rent, Variable Rent and the Lessee’s contribution to the FF&E Reserve.

<sup>37</sup> Namely Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel.

<sup>38</sup> According to the Hotel Management Agreement, “Gross Revenue” means all revenue derived from the Hotel.

<sup>39</sup> According to the Hotel Management Agreement, “Adjusted GOP” means the aggregate of Gross Operating Profit and Net Rental Income.

#### 4. Retail Tenancy/Licence Schedules

##### Retail<sup>40</sup>

<b>Retail Area (Lettable)</b>	:	Approx. 4,719 sq ft (438 sq m)
<b>Occupied Area (Lettable)</b>	:	Approx. 4,719 sq ft (438 sq m)
<b>Vacant Area (Lettable)</b>	:	Approx. 0 sq ft (0 sq m)
<b>Occupancy Rate</b>	:	100%
<b>Monthly Base Rent</b>	:	HK\$221,737 (All tenancies are exclusive of rates, management fees and air-conditioning charges)

##### Tenancy Expiry Profile

Year	Lettable Area		Monthly Rent		No of	
	(sq ft)	% of Total	(HK\$)	% of Total	Tenancy	% of Total
Year Ending 2027	4,719	100%	221,737	100%	2	100%
<b>Total</b>	<b>4,719</b>	<b>100%</b>	<b>221,737</b>	<b>100%</b>	<b>2</b>	<b>100%</b>

##### Tenancy Duration Profile

Tenancy Duration	Lettable Area		Monthly Rent		No of	
	(sq ft)	% of Total	(HK\$)	% of Total	Tenancy	% of Total
More than 2 years and up to 3 years	4,719	100%	221,737	100%	2	100%
<b>Total</b>	<b>4,719</b>	<b>100%</b>	<b>221,737</b>	<b>100%</b>	<b>2</b>	<b>100%</b>

<sup>40</sup> The areas quoted exclude spaces which are used by RRH.

<b>Latest Expiry Date</b>	:	14 November 2027
<b>Range of Rent-free Period</b>	:	2.5 to 9.5 months
<b>Option to Renew</b>	:	N/A
<b>Summary of Terms</b>	:	The Landlord <sup>41</sup> is responsible for payment of Government Rent and the structural and external repairs while the Tenant is responsible for the internal repairs of the occupied area.

#### **Licences for Mobile Phone Base Stations, Antennae, Signage Spaces and Poster Stand(s)**

<b>Number of Licences</b>	:	5
<b>Monthly Licence Fee</b>	:	HK\$184,800 per month
<b>Latest Expiry Date</b>	:	31 March 2026

#### **5. Estimated Net Property Yield<sup>42</sup>**

2.5%

#### **6. Market Value in existing state as at 31 December 2025**

HK\$5,095,000,000 (Hong Kong Dollars Five Billion and Ninety-Five Million)

<sup>41</sup> All tenancy agreements/licences are entered into by Favour Link International Ltd as Landlord.

<sup>42</sup> The Estimated Net Property Yield of RRH is derived from the rent receivable in 2025 divided by the Market Value.

## Property 6

### ICLUB WAN CHAI HOTEL

**Shops A, B and C on G/F, Flat Roof on 3/F, whole of 5-12/F, 15-23/F and 25-29/F  
Eastern and Western Elevations of External Walls  
Architectural Feature at Roof Top and Upper Roof  
211 Johnston Road, Wan Chai, Hong Kong**

3,062/3,637th undivided shares of and  
in the Sub-section 1 and The Remaining Portion of Section F  
and the Sub-section 1 and The Remaining Portion of Section G, of Inland Lot No 2769

#### 1. Property Description

iclub Wan Chai Hotel ("ICWC") is located at 211 Johnston Road in Wan Chai, Hong Kong. The immediate locality comprises a mix of office and residential developments, with cultural landmarks like the Wan Chai Heritage Trail also in close proximity. The area is well-connected by public transportation, with the MTR Wan Chai station only a few minutes away.

ICWC is located in a 26-storey composite building completed in 1997. ICWC comprises Shops A, B and C on the ground floor, 22 upper floors (from the 5th to 29th Floors, with the 13th, 14th, and 24th floors omitted), a flat roof on the third floor, the eastern and western elevations of external walls and architectural feature at the roof top and the upper roof. ICWC underwent an Asset Enhancement Programme in 2009, followed by a conversion project in 2010, and is now a High Tariff B hotel comprising 99 guestrooms and suites.

The hotel portion of ICWC consists of Shop C on ground floor, which is currently used as hotel lobby, and 5th to 26th floors. Shops A and B on ground floor and the entire 27th to 29th floors are leased for retail/restaurant/bar uses.

<b>Site Area</b>	:	413 sq m
<b>Gross Floor Area</b>	:	5,326 sq m
<b>Covered Floor Area</b>	:	Approx. 5,530 sq m
<b>Town Planning Zoning</b>	:	"Commercial" zone under Approved Wan Chai Outline Zoning Plan No S/H5/32 dated 27 June 2025.

#### Hotel Guestroom Configuration

Room Type	No of Rooms	Room Type	No of Rooms
iSelect	18	iBusiness Deluxe	19
iSelect Premier	12	iBusiness Executive	10
iPlus Family	12	iSuite	4
iPlus Premier	17	iResidence	7
		<b>Total</b>	<b>99</b>

Notes: The room sizes range from 15 sq m to 47 sq m

### Other Facilities

Other facilities include a club lounge and a gymnasium.

## 2. Ownership and Tenure

<b>Lot Numbers</b>	:	Sub-section 1 and The Remaining Portion of Section F of Inland Lot No 2769; and Sub-section 1 and The Remaining Portion of Section G of Inland Lot No 2769
<b>Lease Terms</b>	:	The Inland Lot No 2769 is held under a Government Lease for a term of 99 years commencing from 25 May 1929 and renewable for a further term of 99 years.
<b>Registered Owner</b>	:	Sonnix Limited
<b>Major Encumbrances</b>	:	<ul style="list-style-type: none"><li>• Licence in favour of Sonnix Limited by the District Lands Officer/Hong Kong West for and on behalf of the Governor of Hong Kong vide memorial no UB6186840 dated 22 November 1994.</li><li>• Statutory Declaration of Liu Yee Man John vide memorial no UB7020522 dated 17 April 1997.</li><li>• Occupation Permit No. H73/97 vide memorial no UB7355437 dated 20 November 1997.</li><li>• Deed of Mutual Covenant and Management Agreement in favour of Paliburg Estate Management Limited vide memorial no UB7376631 dated 28 November 1997.</li><li>• Supplemental Deed of Mutual Covenant and Management Agreement in favour of Paliburg Estate Management Limited vide memorial no 09103001380118 dated 19 October 2009.</li><li>• Debenture and Mortgage in favour of Chong Hing Bank Limited vide memorial no 24072402040193 dated 19 July 2024.</li><li>• Assignment of Rentals and Receivables (Incorporating charges over accounts) vide memorial no 24072402040206 dated 19 July 2024.</li></ul>

### 3. Hotel Operation

#### Hotel Performance in 2025

<b>Occupancy Rate</b>	:	95%
<b>Average Room Rate</b>	:	HK\$932

#### Hotel Management Agreement (“HMA”)

<b>Hotel Manager</b>	:	Regal Hotels International Limited
<b>Term of HMA</b>	:	From the Effective Date <sup>43</sup> , and unless sooner terminated as herein provided, shall continue thereafter through and inclusive of 31 December 2030.
<b>Base Fee</b>	:	Two percent (2%) of the Gross Revenue <sup>44</sup>
<b>Incentive Fee</b>	:	Five percent (5%) of the excess of the GOP <sup>45</sup> over the Base Fee and the Fixed Charges.

### 4. Retail Tenancy/Licence Schedules

#### Retail<sup>46</sup>

<b>Total Retail Area (gross area)</b>	:	1,800 sq ft (167 sq m)
<b>Occupied Area (gross area)</b>	:	1,800 sq ft (167 sq m)
<b>Vacant Area (gross area)</b>	:	0 sq ft (0 sq m)
<b>Occupancy Rate</b>	:	100%
<b>Monthly Base Rent</b>	:	HK\$130,000 (The base rent is exclusive of rates, government rent, management fees and air-conditioning charges and outgoings)

<sup>43</sup> According to the Hotel Management Agreement, “Effective Date” means 1 January 2021.

<sup>44</sup> According to the Hotel Management Agreement, “Gross Revenue” means all revenue derived from the Hotel.

<sup>45</sup> According to the Hotel Management Agreement, “Gross Operating Profit” means Total Hotel Revenue less Hotel Operating Expenses during the same period.

<sup>46</sup> The areas quoted exclude spaces which are used by ICWC.

### Tenancy Expiry Profile

Year	Gross Area (sq ft)	% of Total	Monthly Rent (HK\$)	% of Total	No of Tenancy	% of Total
Year Ending 2026	1,800	100%	130,000	100%	1	100%
<b>Total</b>	<b>1,800</b>	<b>100%</b>	<b>130,000</b>	<b>100%</b>	<b>1</b>	<b>100%</b>

### Tenancy Duration Profile

Tenancy Duration	Gross Area (sq ft)	% of Total	Monthly Rent (HK\$)	% of Total	No of Tenancy	% of Total
More than 2 years and up to 3 years	1,800	100%	130,000	100%	1	100%
<b>Total</b>	<b>1,800</b>	<b>100%</b>	<b>130,000</b>	<b>100%</b>	<b>1</b>	<b>100%</b>

**Latest Expiry Date** : 14 August 2026

**Range of Rent-free Period** : 6 months

**Option to Renew** : N/A

**Summary of Terms** : The Landlord<sup>47</sup> and/or another responsible party is/are to be responsible for the structural and external repairs while the Tenant is to be responsible for the internal repairs of the occupied area. The rates, government rent, taxes are payable by the Tenant.

#### Office

**Total Area (gross area)** : 8,304 sq ft (771 sq m)

**Occupied Area (gross area)** : 8,304 sq ft (771 sq m)

**Vacant Area (gross area)** : 0 sq ft (0 sq m)

**Occupancy Rate** : 100%

**Monthly Base Rent** : HK\$337,312 (All tenancies are inclusive of air-conditioning charges and management fees but exclusive of rates)

<sup>47</sup> All tenancy agreements are entered into by Sonnix Limited as Landlord.

### Tenancy Expiry Profile

Year	Gross Area (sq ft)	% of Total	Monthly Rent (HK\$)	% of Total	No of Tenancy	% of Total
Year Ending 2028	8,304	100%	337,312	100%	3	100%
<b>Total</b>	<b>8,304</b>	<b>100%</b>	<b>337,312</b>	<b>100%</b>	<b>3</b>	<b>100%</b>

### Tenancy Duration Profile

Tenancy Duration	Gross Area (sq ft)	% of Total	Monthly Rent (HK\$)	% of Total	No of Tenancy	% of Total
More than 2 years and up to 3 years	8,304	100%	337,312	100%	3	100%
<b>Total</b>	<b>8,304</b>	<b>100%</b>	<b>337,312</b>	<b>100%</b>	<b>3</b>	<b>100%</b>

**Latest Expiry Date** : 30 September 2028

**Range of Rent-free Period** : 12 months

**Option to Renew** : N/A

**Summary of Terms** : The Landlord<sup>48</sup> and/or another responsible party is/are to be responsible for the structural and external repairs while the Tenant is to be responsible for the internal repairs of the occupied area.

## 5. Estimated Net Property Yield<sup>49</sup>

2.0%

## 6. Market Value in existing state as at 31 December 2025

HK\$848,000,000 (Hong Kong Dollars Eight Hundred and Forty-Eight Million)

<sup>48</sup> All tenancy agreements are entered into by Sonnix Limited as Landlord.

<sup>49</sup> The Estimated Net Property Yield of ICWC is derived from the net income receivable in 2025 divided by the Market Value.

## Property 7

### ICLUB SHEUNG WAN HOTEL

**138 Bonham Strand  
Sheung Wan  
Hong Kong**

Section C of Marine Lot No 67A  
Section A of Sub-section 1 of Section A of Marine Lot No 67  
The Remaining Portion of Sub-section 1 of Section A of Marine Lot No 67  
Section A of Sub-section 1 of Section B of Marine Lot No 67  
The Remaining Portion of Sub-section 1 of Section B of Marine Lot No 67  
Sub-section 2 of Section B of Marine Lot No 67  
The Remaining Portion of Section B of Marine Lot No 67  
Sub-section 1 of Section C of Marine Lot No 67  
The Remaining Portion of Section C of Marine Lot No 67  
Section G of Inland Lot No 66 and  
The Remaining Portion of Inland Lot No 66

#### 1. Property Description

The iclub Sheung Wan Hotel (“ICSW”) is located at 138 Bonham Strand in Sheung Wan, a well-established commercial and residential district on Hong Kong Island. The area is known for its blend of modern office buildings, and cultural landmarks such as Man Mo Temple and the historic Western Market. With easy access to public transport, including the MTR, buses, and taxis, ICSW offers convenient connectivity to other districts in Hong Kong.

ICSW is a 34-storey hotel completed in 2014 with 248 rooms and suites, some of which on the higher floors offer sea view of Victoria Harbour.

<b>Site Area<sup>50</sup></b>	:	472 sq m
<b>Gross Floor Area</b>	:	7,197 sq m
<b>Covered Floor Area</b>	:	Approx. 9,600 sq m
<b>Town Planning Zoning</b>	:	“Commercial” zone under Approved Sai Ying Pun & Sheung Wan Outline Zoning Plan No S/H3/34 dated 13 November 2020.

<sup>50</sup> The site area excludes an area of 32.803 sq m to be reserved for lane pattern but includes an area of 24.398 sq m to be surrendered for road widening.

### Hotel Guestroom Configuration

Room Type	No of Rooms	Room Type	No of Rooms
iSelect	66	iBusiness Deluxe	8
iPlus	60	iBusiness Premier	14
iBusiness	34	iSuite	18
iSelect Premier	13	iResidence	7
iPlus Premier	28		
		<b>Total</b>	<b>248</b>

Notes: The room sizes range from 13 sq m to 54 sq m

### Other Facilities

Other facilities include a lounge, computer area and fitness area.

## 2. Ownership and Tenure

<b>Lot Numbers</b>	:	Section C of Marine Lot No 67A Section A of Sub-section 1 of Section A of Marine Lot No 67 The Remaining Portion of Sub-section 1 of Section A of Marine Lot No 67 Section A of Sub-section 1 of Section B of Marine Lot No 67 The Remaining Portion of Sub-section 1 of Section B of Marine Lot No 67 Sub-section 2 of Section B of Marine Lot No 67 The Remaining Portion of Section B of Marine Lot No 67 Sub-section 1 of Section C of Marine Lot No 67 The Remaining Portion of Section C of Marine Lot No 67 Section G of Inland Lot No 66 and The Remaining Portion of Inland Lot No 66
<b>Lease Terms</b>	:	Marine Lot No 67 and Marine Lot No 67A are held under respective Government Leases for a common term of 999 years commencing from 7 February 1852;  Inland Lot No 66 is held under a Government Lease for a term of 999 years commencing from 26 March 1868.
<b>Registered Owner</b>	:	Tristan Limited

**Major Encumbrances**

- Government Notice No. 2710 of 21 July 1995 pursuant to Section 22(1) the Crown Rent and Premium (Apportionment) Ordinance (Cap. 125) vide memorial no UB6352712 dated 21 July 1995 (For The Remaining Portion of Inland Lot No. 66 only).
- Government Notice No. 1100 of 18 February 2011 pursuant to Section 22(1) of the Government Rent and Premium (Apportionment) Ordinance (Cap. 125) vide memorial no 11030101830019 dated 18 February 2011 (For The Remaining Portion of Sub-section 1 of Section A of Marine Lot No. 67, The Remaining Portion of Sub-section 1 of Section B of Marine Lot No. 67, The Remaining Portion of Section B of Marine Lot No. 67 and The Remaining Portion of Section C of Marine Lot No. 67 only).
- Deed Poll vide memorial no 11082501800017 dated 15 August 2011 (For The Remaining Portion of Sub-section 1 of Section A of Marine Lot No. 67, Section A of Sub-section 1 of Section B of Marine Lot No. 67, The Remaining Portion of Sub-section 1 of Section B of Marine Lot No. 67, The Remaining Portion of Section B of Marine Lot No. 67, The Remaining Portion of Section C of Marine Lot No. 67 and The Remaining Portion of Inland Lot No. 66 only).
- Government Notice No. 7420 of 11 November 2011 pursuant to Section 22(1) of the Government Rent and Premium (Apportionment) Ordinance (Cap. 125) vide memorial no 11111702560010 dated 11 November 2011 (For Section C of Marine Lot No. 67A only).
- Offensive Trade Licence by District Lands Officer, Hong Kong West & South vide memorial no 12022300500014 dated 12 December 2011 (For Section C of Marine Lot No. 67A, The Remaining Portion of Sub-section 1 of Section A of Marine Lot No. 67, The Remaining Portion of Sub-section 1 of Section B of Marine Lot No. 67, The Remaining Portion of Section B of Marine Lot No. 67, The Remaining Portion of Section C of Marine Lot No. 67 and The Remaining Portion of Inland Lot No. 66 only).
- Occupation Permit (No. HK1/2014(OP)) vide memorial no 18112102410465 dated 6 January 2014.
- Lease Agreement in favour of Favour Link International Limited vide memorial no 19121001910020 dated 18 November 2019 (Note: For the period commencing from 1 January 2020 to 31 December 2024).
- Debenture and Mortgage in favour of United Overseas Bank Limited vide memorial no 23102702090129 dated 19 October 2023.
- Supplemental Deed Amending Lease Agreement in favour of Favour Link International Limited vide memorial no 24020601650056 dated 11 January 2024.

### 3. Hotel Operation

#### Hotel Performance in 2025

**Occupancy Rate** : 86%

**Average Room Rate** : HK\$892

#### Lease Agreement

**Lessor** : Tristan Limited

**Lessee** : Favour Link International Limited

**Term of Lease Agreement** : Commencing from the Effective Date<sup>51</sup> and expiring on 31 December 2024, and will be further extended to 31 December 2034<sup>52</sup>

**Rental** : The annual rent receivable in respect of the first, second and third years of the lease term are 5.00%, 5.25% and 5.50% respectively of HK\$1,580 million.

The rent receivable in respect of the remaining lease term shall be determined based on annual market rental reviews performed by independent professional property valuer who will be jointly appointed by the Lessor and the Lessee.

According to the 2025 and 2026 Market Rental Package Determinations, the Base Rent for ICSW for both the lease years of 2025 and 2026 is HK\$44,000,000; and the Variable Rent is 50% of the excess of the NPI.

<sup>51</sup> According to the Lease Agreement, "Effective Date" means 10 February 2014.

<sup>52</sup> According to the Extended Lease Agreement, the extended lease period will commence from 1 January 2025 to 31 December 2034.

### Hotel Management Agreement (“HMA”)

<b>Hotel Manager</b>	:	Regal Hotels International Limited
<b>Term of HMA</b>	:	From the Effective Date <sup>53</sup> , and unless sooner terminated as herein provided, shall continue thereafter through and inclusive of the tenth anniversary of the Effective Date, and will be further extended to 31 December 2034 <sup>54</sup>
<b>Base Fee</b>	:	One percent (1%) of Gross Revenue <sup>55</sup> (for so long as the Lease Agreement is in subsistence); or  Two percent (2%) of Gross Revenue (for other cases during the operating Term)
<b>Incentive Fee</b>	:	One percent (1%) of the excess of the Adjusted GOP <sup>56</sup> over the Base Fee and the Fixed Charges (for so long as the Lease Agreement is in subsistence); or  Five percent (5%) of the excess of the Adjusted GOP over the Base Fee and the Fixed Charges (for other cases during the Operating Term)

## 4. Licence Schedules

### Licences for Mobile Radio Equipment, Integrated Radio Systems and Others

<b>Number of Licences</b>	:	1
<b>Monthly Licence Fee</b>	:	HK\$60,000
<b>Latest Expiry Date</b>	:	31 December 2026

## 5. Estimated Net Property Yield<sup>57</sup>

2.7%

## 6. Market Value in existing state as at 31 December 2025

HK\$1,632,000,000 (Hong Kong Dollars One Billion Six Hundred and Thirty-Two Million)

<sup>53</sup> According to the Hotel Management Agreement, “Effective Date” means 10 February 2014.

<sup>54</sup> According to the Extended Hotel Management Agreement, the extended HMA period is from the expiry of the current term to 31 December 2034.

<sup>55</sup> According to the Hotel Management Agreement, “Gross Revenue” means all revenue derived from the Hotel.

<sup>56</sup> According to the Hotel Management Agreement, “Adjusted GOP” means the aggregate of Gross Operating Profit and Net Rental Income.

<sup>57</sup> The Estimated Net Property Yield of ICSW is derived from the rent receivable in 2025 divided by the Market Value.

## Property 8

### ICLUB FORTRESS HILL HOTEL

18 Merlin Street  
North Point  
Hong Kong

The Remaining Portion of Section P of Inland Lot No 2273,  
The Remaining Portion of Sub-section 1 of Section P of Inland Lot No 2273,  
The Remaining Portion of Sub-section 1 of Section H of Inland Lot No 2273 and  
The Remaining Portion of Section H of Inland Lot No 2273

#### 1. Property Description

The iclub Fortress Hill Hotel (“ICFH”) is located at 18 Merlin Street in North Point, a well-connected district on Hong Kong Island. The immediate locality consists of a mix of commercial and residential buildings, with a variety of local eateries and shops. Located near the MTR Fortress Hill station, the area offers convenient access to other districts in Hong Kong.

ICFH is a 32-storey hotel completed in 2014 and it comprises 338 guestrooms.

<b>Site Area</b>	:	457 sq m
<b>Gross Floor Area</b>	:	6,849 sq m
<b>Covered Floor Area</b>	:	Approx. 9,400 sq m
<b>Town Planning Zoning</b>	:	“Commercial/Residential” zone under Approved North Point Outline Zoning Plan No S/H8/28 dated 19 April 2024.

#### Hotel Guestroom Configuration

Room Type	No of Rooms	Room Type	No of Rooms
iRoom	17	iRoom Premier	11
iSelect	116	iPlus Premier	30
iPlus	108	iBusiness Premier	56
		<b>Total</b>	<b>338</b>

Notes: The room sizes range from 10 sq m to 16 sq m

#### Other Facilities

Other facilities include a lounge, computer area and fitness area.

## 2. Ownership and Tenure

<b>Lot Numbers</b>	:	The Remaining Portion of Section P of Inland Lot No 2273, The Remaining Portion of Sub-section 1 of Section P of Inland Lot No 2273, The Remaining Portion of Sub-section 1 of Section H of Inland Lot No 2273 and The Remaining Portion of Section H of Inland Lot No 2273
<b>Lease Terms</b>	:	Inland Lot No 2273 is held under a Government Lease for a term of 75 years commencing from 25 August 1919 and renewable for a further term of 75 years.
<b>Registered Owner</b>	:	Wise Decade Investments Limited
<b>Major Encumbrances</b>	:	<ul style="list-style-type: none"><li>• Offensive Trade Licence from District Lands Office, Hong Kong East dated 20 July 2012, registered vide memorial no 12082101060027.</li><li>• Occupation Permit (No. HK20/2014(OP)) dated 5 May 2014, registered vide memorial no 19010702210517.</li><li>• Lease Agreement in favour of Favour Link International Limited dated 18 November 2019, registered vide memorial no 19121001910030 (Note: For the period commencing from 1 January 2020 to 31 December 2024).</li><li>• Debenture and Mortgage in favour of Cathay United Bank Company, Limited, Hong Kong Branch, dated 29 November 2023, registered vide memorial no 23121401720099.</li><li>• Supplemental Deed Amending Lease Agreement in favour of Favour Link International Limited vide memorial no 24020601650061 dated 11 January 2024.</li></ul>

## 3. Hotel Operation

### Hotel Performance in 2025

<b>Occupancy Rate</b>	:	91%
<b>Average Room Rate</b>	:	HK\$648

### Lease Agreement

<b>Lessor</b>	:	Wise Decade Investments Limited
<b>Lessee</b>	:	Favour Link International Limited

**Term of Lease Agreement** : Commencing from the Effective Date<sup>58</sup> and expiring on 31 December 2024, and further extended to 31 December 2034<sup>59</sup>.

**Rental** : The annual rent receivable in respect of the first, second and third years of the lease term are 5.00%, 5.25% and 5.50% respectively of HK\$1,650 million.

The rent receivable in respect of the remaining lease term shall be determined based on annual market rental reviews performed by independent professional property valuer who will be jointly appointed by the Lessor and the Lessee.

According to the 2025 and 2026 Market Rental Package Determinations, the Base Rent for ICFH for both the lease years of 2025 and 2026 is HK\$42,000,000; and the Variable Rent is 50% of the excess of the NPI.

#### **Hotel Management Agreement (“HMA”)**

**Hotel Manager** : Regal Hotels International Limited

**Term of HMA** : From the Effective Date<sup>60</sup>, and unless sooner terminated as herein provided, shall continue thereafter through and inclusive of the tenth anniversary of the Effective Date, and will be further extended to 31 December 2034<sup>61</sup>

**Base Fee** : One percent (1%) of Gross Revenue<sup>62</sup> (for so long as the Lease Agreement is in subsistence); or

Two percent (2%) of Gross Revenue (for other cases during the Operating Term)

**Incentive Fee** : One percent (1%) of the excess of the Adjusted GOP<sup>63</sup> over the Base Fee and the Fixed Charges (for so long as the Lease Agreement is in subsistence); or

Five percent (5%) of the excess of the Adjusted GOP over the Base Fee and the Fixed Charges (for other cases during the Operating Term)

<sup>58</sup> According to the Lease Agreement, “Effective Date” means 28 July 2014.

<sup>59</sup> According to the Extended Lease Agreement, the extended lease period will commence from 1 January 2025 to 31 December 2034.

<sup>60</sup> According to the Hotel Management Agreement, “Effective Date” means 28 July 2014.

<sup>61</sup> According to the Extended Hotel Management Agreement, the extended HMA period is from the expiry of the current term to 31 December 2034.

<sup>62</sup> According to the Hotel Management Agreement, “Gross Revenue” means all revenue derived from the Hotel.

<sup>63</sup> According to the Hotel Management Agreement, “Adjusted GOP” means the aggregate of Gross Operating Profit and Net Rental Income.

#### 4. Licence Schedules

##### Licences for Mobile Radio Equipment, Integrated Radio Systems and Others

Number of Licences	:	1
Monthly Licence Fee	:	HK\$60,000
Latest Expiry Date	:	31 December 2026

#### 5. Estimated Net Property Yield<sup>64</sup>

2.7%

#### 6. Market Value in existing state as at 31 December 2025

HK\$1,573,000,000 (Hong Kong Dollars One Billion Five Hundred and Seventy-Three Million)

<sup>64</sup> The Estimated Net Property Yield of ICFH is derived from the rent receivable in 2025 divided by the Market Value.

## Property 9

### ICLUB TO KWA WAN HOTEL

8 Ha Heung Road  
(formerly known as 8, 8A, 10, 10A, 12 and 12A Ha Heung Road)  
Kowloon  
Hong Kong

Section C of Kowloon Inland Lot No 4148

#### 1. Property Description

iclub To Kwa Wan Hotel (“ICTKW”)(formerly iclub Ma Tau Wai Hotel) is located at 8 Ha Heung Road in To Kwa Wan, a well-established residential area. The immediate locality is predominately low- to mid-rise residential developments. Located near the MTR To Kwa Wan station, the area offers convenient access to other districts in Hong Kong.

ICTKW is a 22-storey building, including one basement floor, completed in 2017. It comprises 340 guestrooms situated from the 5th to 23rd floors. Parking spaces are provided on the basement and ground floor.

<b>Site Area</b>	:	700 sq m
<b>Gross Floor Area<sup>65</sup></b>	:	6,298 sq m
<b>Covered Floor Area</b>	:	Approx. 9,490 sq m
<b>Town Planning Zoning</b>	:	“Residential (Group A)” zone under Draft Ma Tau Kok Outline Zoning Plan No S/K10/31 dated 24 December 2025.

#### Hotel Guestroom Configuration

Room Type	No of Rooms	Room Type	No of Rooms
iSelect	63	iPlus Premier Family	18
iSelect Premier	57	iBusiness Deluxe Family	9
iSelect Premier Family	12	iBusiness Premier	64
iPlus	77	iBusiness Premier Family	20
iPlus Family	12	iSmart	8
		<b>Total</b>	<b>340</b>

Notes: The room sizes range from 11 sq m to 16 sq m

#### Other Facilities

Other facilities include a lounge, computer area and fitness area.

<sup>65</sup> The Gross Floor Area excludes 158.11 sq m lift exempted area.

## 2. Ownership and Tenure

<b>Lot Numbers</b>	:	Section C of Kowloon Inland Lot No 4148
<b>Lease Terms</b>	:	Section C of Kowloon Inland Lot No 4148 is held under Conditions of Sale No 3945 for a term of 75 years commencing from 26 June 1939 and renewable for a further term of 75 years. The annual Government rent payable for the Property is 3% of the rateable value.
<b>Registered Owner</b>	:	Land Crown International Limited
<b>Major Encumbrances</b>	:	<ul style="list-style-type: none"><li>• Occupation Permit No. KN52/2016 (OP), dated 23 November 2016, registered vide memorial no 17091300940028.</li><li>• Lease Agreement for iclub Ma Tau Wai Hotel in favour of Favour Link International Limited, dated 4 September 2017, registered vide memorial no 17091300940063.</li><li>• Supplemental Deed amending Lease Agreement for iclub Ma Tau Wai Hotel in favour of Favour Link International Limited, dated 8 June 2022, registered vide memorial no 22061400820022 (Remarks: A Term From 4.9.2022 to 31.12.2027).</li><li>• Debenture and Mortgage in favour of United Overseas Bank Limited, dated 14 November 2025, registered vide memorial no 25112601940103.</li></ul>

## 3. Hotel Operation

### Hotel Performance in 2025

<b>Occupancy Rate</b>	:	85%
<b>Average Room Rate</b>	:	HK\$650

### Lease Agreement

<b>Lessor</b>	:	Land Crown International Limited
<b>Lessee</b>	:	Favour Link International Limited
<b>Term of Lease Agreement</b>	:	Commencing from the Effective Date <sup>66</sup> and expiring on 31 December 2027
<b>Rental</b>	:	The annual rent receivable in respect of the first, second, third, fourth and fifth years of the lease term are 4.00%, 4.25%, 4.50%, 4.75% and 5.00% respectively of HK\$1,360 million.

<sup>66</sup> According to the Lease Agreement, "Effective Date" means 4 September 2017.

The rent receivable in respect of the remaining lease term shall be determined based on annual market rental reviews performed by independent professional property valuer who will be jointly appointed by the Lessor and the Lessee.

According to the 2025 and 2026 Market Rental Package Determinations, the Base Rent for ICTKW for the lease years of 2025 and 2026 is HK\$37,000,000 and HK\$40,000,000 respectively; and the Variable Rent is 50% of the excess of the NPI.

#### **Hotel Management Agreement (“HMA”)**

<b>Hotel Manager</b>	:	Regal Hotels International Limited
<b>Term of HMA</b>	:	From the Effective Date <sup>67</sup> , and unless sooner terminated as herein provided, shall continue thereafter through and inclusive of the tenth anniversary of the Effective Date.
<b>Base Fee</b>	:	One percent (1%) of Gross Revenue <sup>68</sup> (for so long as the Lease Agreement is in subsistence); or  Two percent (2%) of Gross Revenue (for other cases during the Operating Term)
<b>Incentive Fee</b>	:	One percent (1%) of the excess of the Adjusted GOP <sup>69</sup> over the Base Fee and the Fixed Charges (for so long as the Lease Agreement is in subsistence); or  Five percent (5%) of the excess of the Adjusted GOP over the Base Fee and the Fixed Charges (for other cases during the Operating Term)

#### **4. Estimated Net Property Yield<sup>70</sup>**

2.7%

#### **5. Market Value in existing state as at 31 December 2025**

HK\$1,375,000,000 (Hong Kong Dollars One Billion Three Hundred and Seventy-Five Million)

<sup>67</sup> According to the Hotel Management Agreement, “Effective Date” means 4 September 2017.

<sup>68</sup> According to the Hotel Management Agreement, “Gross Revenue” means all revenue derived from the Hotel.

<sup>69</sup> According to the Hotel Management Agreement, “Adjusted GOP” means the aggregate of Gross Operating Profit and Net Rental Income.

<sup>70</sup> The Estimated Net Property Yield of ICTKW is derived from the rent receivable in 2025 divided by the Market Value.

## Hotel Market Overview

### Overview

Hotels in Hong Kong saw a mixed performance in 2024 and the first three quarters of 2025. Occupancy continued to rise while average daily rates (ADR) witnessed a mild correction in the same period amid soft visitor spending.

Looking ahead, given the gradual recovery in visitor numbers and limited new hotel supply, we expect the hotel industry to remain steady in the short-term. Meanwhile, Hong Kong's well-established role as an international financial centre in the Asia-Pacific region and its improving tourism infrastructures will continue to generate a steady stream of business and leisure travellers.

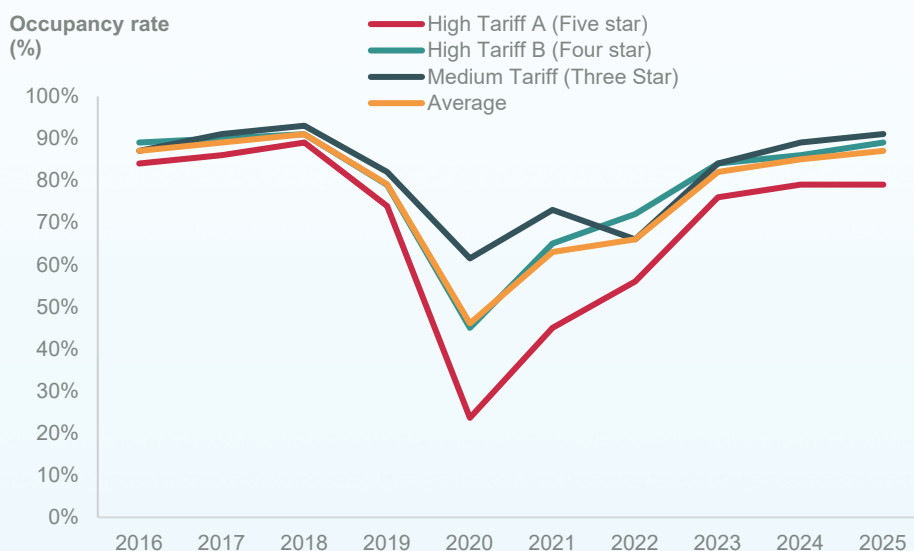
### Occupancy

Hong Kong's hotel industry has mostly been enjoying high occupancy rates over the past decade. However, as the number of overnight visitor arrivals dropped since the second half of 2019, the annual average occupancy rate of hotels decreased, from 91% in 2018 to 79% in 2019. Due to global travel restrictions, overall average occupancy in the city slumped further to 46% in 2020.

Domestic demand for "staycation" and inbound quarantine demand supported the hotel industry during 2021 and 2022, which facilitated the improvement of average hotel occupancy rate to about 66% in 2022.

In 2025, three-star hotels saw the highest average occupancy rate at about 91%, followed by four-star hotels hovering around 89%. Meanwhile, performance of five-star hotels in the city recorded an average of 79%.<sup>71</sup>

Hotel occupancy by star-rating



Source: Hong Kong Tourism Board / Knight Frank

<sup>71</sup> Source: "Hotel Room Occupancy Report – Dec 2018, Dec 2019, Dec 2020, Dec 2022, Dec 2024, Dec 2025", HKTb, [partnernet.hktb.com/](http://partnernet.hktb.com/)

## ADR Trend

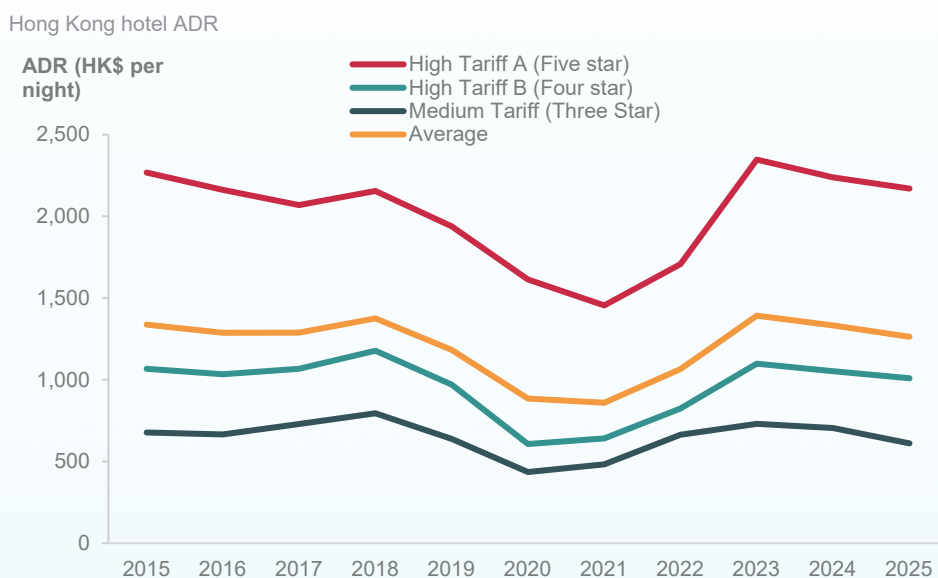
Over the past 10 years, ADR have generally remained steady. ADR of the overall market grew from HK\$1,023 per night in 2009 to HK\$1,375 in 2018, representing a CAGR of 3%.

Dragged by a frozen tourism market, the overall ADR of hotels in Hong Kong saw decrease of 12.4% YoY in 2019 under the effect of social unrest. A further decline of 26.5% YoY was recorded in 2020 as the city was impacted by the COVID-19 crisis reaching overall ADR of HK\$887.

ADR saw a recovery in post-Covid era. Average hotel ADR edged up to about HK\$1,392 in 2023, but dropped slightly to about HK\$1,332 in 2024 amid soft visitors spending. In the third quarter of 2025, average hotel ADR dropped by about 3% year on year.

## ADR by Category

In 2025, five-star/High-Tariff A hotels recorded an ADR of HK\$2,169, about two times the ADR of four-star hotels at HK\$1,009, while three-star hotels recorded an ADR of HK\$611.<sup>72</sup>



Source: Hong Kong Tourism Board / Knight Frank

<sup>72</sup> Source: "Hotel Room Occupancy Report – Dec 2009, Dec 2019, Dec 2020, Dec 2023, Dec 2024, Dec 2025", HKTb, partnernet.hktb.com/

## Supply Trends

Supply in 2021 dropped to a five-year-low at about 1,900 rooms. Clouded by COVID-19 restrictions on the tourism industry, only two new five-star hotels opened in 2021: The Arca in Wong Chuk Hang, Southern District, with 187 rooms, and the WM hotel in Sai Kung, with 260 rooms.

A rebound in hotel supply was witnessed in the post-COVID period. According to Hong Kong Tourism Board, hotel supply increased by 904 rooms in 2023, and a further 2,813 rooms in 2024. According to latest information from Hong Kong Tourism Board, two hotels were opened in the first three quarters of 2025, totalling about 590 guest rooms.<sup>73</sup>

List of hotels opened/obtained hotel licenses in Q1-Q3 2025<sup>74</sup>

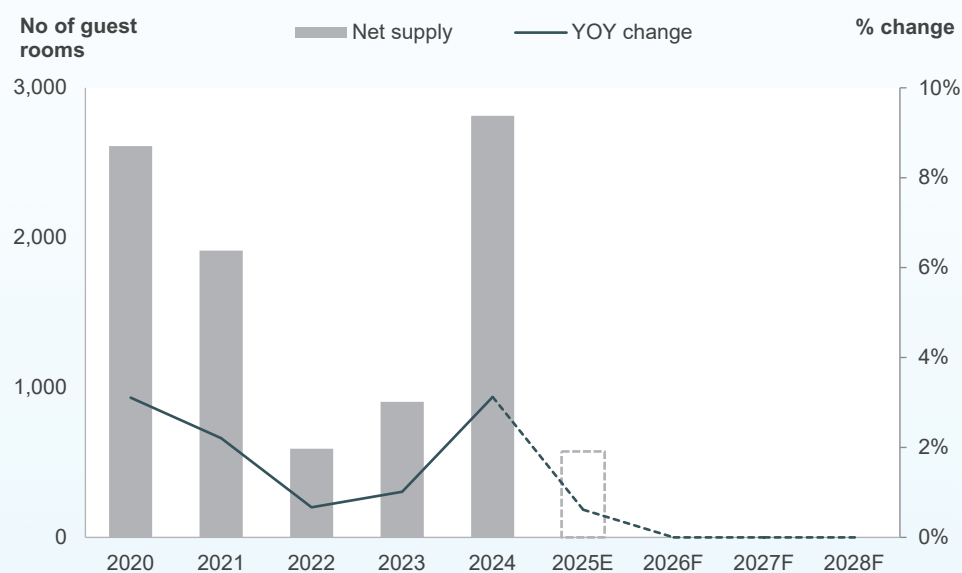
Opening	District	Name of Hotel	No of rooms
2025 Q3	Yau Tsim Mong	Hotel Benito	95
2025 Q3	Yau Tsim Mong	Kimpton Tsim Sha Tsui Hong Kong	495

Source: Hong Kong Tourism Board

## Hotel Supply Forecast

According to the Hong Kong Tourism Board estimates, the number of hotels in Hong Kong is expected to remain at current level of 332 by 2028. Meanwhile, total number of hotel guest rooms in Hong Kong is expected to remain flat at 93,495 guest rooms.

New hotel guest room supply in Hong Kong



Note: 2025 is estimate while 2026-2028 figures are forecasts  
Source: Hong Kong Tourism Board / Knight Frank

No hotel supply is expected between 2026 and 2028, according to the latest Hong Kong Tourism Board estimates.

<sup>73</sup> Source: "Hotel Supply Situation Report as at December 2021, December 2023, December 2024., September 2025", HKTb, [partnernet.hktb.com/](http://partnernet.hktb.com/)

<sup>74</sup> Source: "Hotel Supply Situation Report as at September 2025", HKTb, [partnernet.hktb.com/](http://partnernet.hktb.com/)

### **Short-term Outlook**

The Kai Tak Stadium has quickly become a major sports and entertainment venue. As the Government continues to encourage mega events and international meetings, conventions and exhibitions in the city, it is expected visitor arrivals could recover to over 90% of 2019 level by the end of 2026. The launch of Hotel Accommodation Tax appears to have limited impact as it constitutes less than 1% of total spending by tourists.

The drop in ADR showed signs of stabilisation in the third quarter of 2025. Coupled with an expected mild growth in international tourism, we expect occupancy level to remain at high levels, while hotel ADR to stabilise in the near term.

### **Long-term Outlook**

Demand for hotel rooms in Hong Kong is expected to recover with continued improvements of tourism infrastructure in the territory. Meanwhile, Hong Kong's well-established role as an international financial centre and a premium business centre in the Asia-Pacific region will continue to generate a steady stream of travellers after the pandemic ends.

In the long term, government investments in infrastructure, including the recent addition of more mass rapid transit lines such as the Shatin to Central Link and Three-runway System Development of HKIA will continue to bode well for Hong Kong's tourism and hospitality industry.

Other projects in the pipeline, including the expansion of Hong Kong Disneyland and West Kowloon Cultural District, will contribute towards sustaining Hong Kong's attractiveness as a key tourist destination in Asia. This should help boost the visitor arrivals from both the Chinese Mainland and overseas in the long term, and thus provide support to the Hong Kong hotel market in the coming years.

## (1) REGAL AIRPORT HOTEL

The Regal Airport Hotel (RAH) is located at 9 Cheong Tat Road. It is Hong Kong's only airport hotel with direct access to the passenger terminals through an air-conditioned footbridge.

RAH enjoys a prime location in close proximity to AsiaWorld Expo, a key venue for MICE events, as well as major tourist attractions, including Hong Kong Disneyland. The hotel benefits from its easy access to a variety of shopping and dining options at the HKIA terminals and Citygate Outlets. Additionally, RAH can be conveniently reached via the Airport Express Line, taxis, and city buses providing direct connections to various parts of Hong Kong.

In 2022, Regal Hotels International further expanded its market presence with the launch of Regala Skycity Hotel, offering 1,208 additional keys near the airport. That same year, The Silveri, another new hotel, opened in Tung Chung. The primary competitors in the region include the well-established Novotel Citygate Hong Kong in Tung Chung and the Hong Kong SkyCity Marriott Hotel, which is located adjacent to AsiaWorld Expo. Despite the presence of these competitors, RAH holds a competitive edge due to its strategic location and direct access to passenger terminal.

According to the HKIA Master Plan 2030, following the completion of the Three-Runway System (3RS) extension projects in 2024 and the phased reopening HKIA Terminal 2 commencing on 23 September 2025, with full reopening scheduled in 2026 upon completion of the next phase of departure facility commissioning<sup>75</sup>, HKIA's passenger handling capacity is expected to increase by approximately 30 million passengers per annum. Concurrently, the large-scale commercial complex, SkyCity, has been launched in stages between 2022 and 2025. In 2022, three Grade A office towers under K11 ATELIER were completed, and the first phase of the commercial section, known as 11 Skies, began operations in mid-2023. The broader 11 SKIES retail, dining and entertainment development is being opened in phases, with initial attractions such as family amusement and KidZania having begun operations in stages from 2023 and 2024, and further phases of entertainment and retail facilities scheduled to progressively launch through 2025 and into 2026 in alignment with the broader SkyCity and HKIA Terminal 2 development timeline<sup>76</sup>. Furthermore, the opening of the SkyCity Transport Terminal in November 2023 has enhanced connectivity within the HKIA area, benefiting the surrounding neighborhood, including RAH.

The opening of Kai Tak Stadium in 2025 has uplifted the city's position as a destination for sports and entertainment tourism. Coupled with the government's Mega Events strategy, a series of major pop concerts and national sports events were hosted, successfully attracted more visitors and benefited the hospitality sector. We anticipate that the tourism market will gain further momentum in 2026 as international and mainland overnight visitors increase, leading to higher occupancy rates and average room rates. While we expect a modest recovery in the short to medium term, a full recovery is projected in the long run.

<sup>75</sup> Source: "HKIA Terminal 2 Coach Hall runs smoothly on its first day of operation", Airport Authority Hong Kong, <https://threerunwaysystem.hongkongairport.com/en/three-runway-system/project-updates/hkia-terminal-2-coach-hall-runs-smoothly-on-its-first-day-of-operation/>

<sup>76</sup> Source: "Annual Report 2025", New World Development Company Limited, [https://cms.nwd.com.hk/downloadIR/report/217/EW00017\\_0.pdf](https://cms.nwd.com.hk/downloadIR/report/217/EW00017_0.pdf)

## (2) REGAL HONGKONG HOTEL

The Regal Hongkong Hotel (RHK) is located at 88 Yee Wo Street in Causeway Bay, one of Hong Kong's shopping and entertainment districts. RHK enjoys excellent accessibility due to its proximity to diverse transport options, such as the MTR, taxis, buses, trams, and well-developed road networks. It is only a few minutes' walk from the MTR Causeway Bay Station, offering convenient access to various parts of Hong Kong.

RHK is conveniently located near different shopping and entertainment destinations, such as Sogo Department Store, Times Square, Hysan Place, Fashion Walk, and Lee Gardens. Additionally, the hotel benefits from its proximity to major sports and recreational venues, including Hong Kong Stadium, Victoria Park, and Happy Valley Racecourse, which attract visitors participating in a variety of events.

There was one new hotel supply in Causeway Bay in 2024, namely Causeway Corner totaling 105 keys.<sup>77</sup> No new supply was recorded in the first three quarters of 2025 in Causeway Bay.

Situated in the renowned shopping district of Hong Kong Island, RHK attracts strong demand from both locals and tourists. The opening of Kai Tak Stadium in 2025 has uplifted the city's position as a destination for sports and entertainment tourism. Coupled with the government's Mega Events strategy, a series of major pop concerts and national sports events were hosted, successfully attracted more visitors and benefited the hospitality sector. We anticipate that the tourism market will gain further momentum in 2026 as international and mainland overnight visitors increase, leading to higher occupancy rates and average room rates. While we expect a modest recovery in the short to medium term, a full recovery is projected in the long run.

## (3) REGAL KOWLOON HOTEL

The Regal Kowloon Hotel (RKH) is located at 71 Mody Road in Tsim Sha Tsui East, a well-known area in Hong Kong featuring a mix of shopping, dining and cultural attractions. The immediate locality consists of major shopping centres, office buildings, hotels and landmarks such as Avenue of Stars, The Hong Kong Cultural Centre, Hong Kong Museum of Art, Hong Kong Museum of History and Hong Kong Science Museum. The area is well-connected by public transport, with convenient access to the MTR and buses. Notable shopping malls such as Harbour City, iSquare, K11 Musea and The One are all within walking distance.

In 2023, Mondrian introduced its first hotel in Greater China, Mondrian Hong Kong, located in Tsim Sha Tsui. Additionally, Regent Hong Kong, formerly known as InterContinental Hong Kong, reopened in November 2023 following a renovation. In 2025, a new hotel Kimpton Hong Kong was completed at former Mariner's Club site, further adding 495 keys<sup>78</sup>. Another new hotel, Hotel Benito at Cameron Road, also added 95 keys.<sup>79</sup> Similar luxury hotels in the area include Rosewood Hotel, K11 Artus, and Page 148. However, differences in operational scale, location, and target clientele suggest that these luxury hotels are unlikely to have direct competition with RKH.

Situated in the renowned shopping district of Kowloon, RKH attracts strong demand from both locals and tourists. The opening of Kai Tak Stadium in 2025 has uplifted the city's position as a destination for sports and entertainment tourism. Coupled with the government's Mega Events strategy, a series of major pop concerts and national sports events were hosted, successfully attracted more visitors and benefited the hospitality sector. We anticipate that the tourism market will gain further momentum in 2026 as international and mainland overnight visitors increase, leading to higher occupancy rates and average room rates. While we expect a modest recovery in the short to medium term, a full recovery is projected in the long run.

<sup>77</sup> Source: "Hotel Supply Situation Report as at December 2024", HKTB, [partnernet.hktb.com/](http://partnernet.hktb.com/)

<sup>78</sup> Source: Projects, Empire Group Holdings, <https://egh.com.hk/projects.html>

<sup>79</sup> Source: "Hotel Supply Situation Report as at September 2025", HKTB, [partnernet.hktb.com/](http://partnernet.hktb.com/)

#### (4) REGAL ORIENTAL HOTEL

The Regal Oriental Hotel (ROH) is situated at 30-38 Sa Po Road in Kowloon City, facing the old Kai Tak Airport, which was once Hong Kong's main aviation hub. The immediate locality features a mix of cultural heritage and community spaces in Kowloon City, along with new commercial or residential developments in Kai Tak. Nearby tourist attractions include Chi Lin Nunnery, Wong Tai Sin Temple, and Hau Wong Temple.

The completion of the MTR Shatin-Central Link (SCL) Phase 1 in June 2021, which connects Kai Tak to Hung Hom, followed by the expansion of SCL Phase 2 in May 2022, has significantly improved travel times in the area.<sup>80</sup> The extension of the East Rail Line from Hung Hom to Admiralty now allows for a streamlined 15-minute journey from Kowloon City to Admiralty, greatly enhancing accessibility to ROH.

The ongoing development of the Kai Tak area is transforming the former airport site into a vibrant mixed-use district, with new residential, commercial, and leisure facilities. According to the 2017 Policy Address, 16,000 additional residential flats and about 400,000 sq m of commercial area will be provided in Kai Tak.<sup>81</sup> Kai Tak's new shopping destination, AIRSIDE opened in September 2023, providing over 700,000 sq ft of commercial spaces and 40 dining options<sup>82</sup>. "The Twins" under SOGO's operation was opened in late 2024, offering 1.1 million sq ft of retail space and hosting more than 700 shops, including a SOGO department store<sup>83</sup>. Additionally, Kai Tak Sports Park, covering 28 hectares and designed to accommodate international sports events and entertainment activities<sup>84</sup>, was opened in late 2024. The transformation of Kai Tak area into a prominent destination for sports, shopping, and entertainment will enhance amenities and connectivity for visitors. Its proximity to ROH is expected to attract more tourists and business travellers, enhancing ROH's accessibility and growth potential.

In 2024, Dorsett Hotel Kai Tak opened in September, totalling 373 keys.<sup>85</sup> There were no new hotel openings recorded in Kai Tak in the first three quarters of 2025.

The opening of Kai Tak Stadium in 2025 has uplifted the city's position as a destination for sports and entertainment tourism. Coupled with the government's Mega Events strategy, a series of major pop concerts and national sports events were hosted, successfully attracted more visitors and benefited the hospitality sector. We anticipate that the tourism market will gain further momentum in 2026 as international and mainland overnight visitors increase, leading to higher occupancy rates and average room rates. While we expect a modest recovery in the short to medium term, a full recovery is projected in the long run.

<sup>80</sup> Source: Mass Transit Railway Corporation, Press Release, [www.mtr.com.hk/archive/corporate/en/press\\_release/PR-22-039-E.pdf](http://www.mtr.com.hk/archive/corporate/en/press_release/PR-22-039-E.pdf)

<sup>81</sup> Source: Information Services Department (ISD), 2017 Policy Address.

<sup>82</sup> Source: Announcement, Nan Fung Group, <https://www.nanfung.com/en/about-us/announcement/nan-fung-groups-flagship-mixed-use-complex-airside/>

<sup>83</sup> Source: "The Twins", Lifestyle International Holdings Ltd., <https://www.lifestylehk.com.hk/en/our-business>

<sup>84</sup> Source: Kai Tak Sports Park, MEHK, <https://www.mehongkong.com/eng/home/mice-ideas/detail/kai-tak-sports-park.html>

<sup>85</sup> Source: "Hotel Supply Situation Report as at December 2024", HKTB, [partnernet.hktb.com/](http://partnernet.hktb.com/)

## (5) REGAL RIVERSIDE HOTEL

The Regal Riverside Hotel (RRH) is situated at 34-36 Tai Chung Kiu Road in Sha Tin, a well-developed district in the New Territories of Hong Kong. The immediate locality features a mix of residential neighborhoods, recreational facilities, and shopping centres such as New Town Plaza. With easy access to public transport, including the MTR, buses, and taxis, RRH offers convenient connectivity to other districts in Hong Kong. The completion of the MTR Shatin-Central Link (SCL) Phase 2 in May 2022 has further enhanced RRH's accessibility to other districts in Hong Kong.

In the vicinity, residents or visitors can explore a variety of retail and dining choices at New Town Plaza, Shatin Centre, and Shatin Plaza Shopping Arcade. For leisure, the nearby Shatin Racecourse and Shing Mun River offer excellent options for sports and recreation.

Since the opening of Alva Hotel in 2019, there have been no new hotel developments in Sha Tin or the surrounding areas. However, it has minimal impact on RRH given that market position and hotel scale are different.

The opening of Kai Tak Stadium in 2025 has uplifted the city's position as a destination for sports and entertainment tourism. Coupled with the government's Mega Events strategy, a series of major pop concerts and national sports events were hosted, successfully attracted more visitors and benefited the hospitality sector. We anticipate that the tourism market will gain further momentum in 2026 as international and mainland overnight visitors increase, leading to higher occupancy rates and average room rates. While we expect a modest recovery in the short to medium term, a full recovery is projected in the long run.

## (6) ICLUB WAN CHAI HOTEL

iclub Wan Chai Hotel (ICWC) is located at Johnston Road, Wan Chai. The immediate locality comprises a mix of office and residential developments, with cultural landmarks like the Wan Chai Heritage Trail also in close proximity. The area is well-connected by public transportation, with the MTR Wan Chai station only a few minutes away, buses, taxis and trams; and ferry service between Tsim Sha Tsui and Wan Chai are also available.

The notable Hong Kong Convention and Exhibition Centre (HKCEC) is a 15-minute walk away from ICWC. This close proximity makes ICWC a popular choice for business travellers and visitors attending events at the HKCEC, as it offers easy access and a comfortable stay during their visit.

The completion of SCL Phase 2 in May 2022, which extends the East Rail Line from Hung Hom to Admiralty, has significantly improved connectivity between Hong Kong Island and the Chinese Mainland. The opening of the MTR Exhibition Centre Station has benefited nearby hotels, as the travel time from Lok Ma Chau or Lo Wu to Wan Chai is reduced, further enhancing ICWC's accessibility.

In 2022 and 2023, Langham Hospitality Group introduced a new brand, Ying'nFlo, with the opening of two hotels – Ying'nFlo Hong Kong and Ying'nFlo Wesley Admiralty, located in Wan Chai. Together, these hotels offer a total of 321 guest rooms<sup>86</sup>. Furthermore, Hopewell Holdings' Hopewell Hotel has completed its soft opening in late 2024, adding around 1,000 guest rooms<sup>87</sup>. These hotels cater to affluent travellers, which distinguishes their target market from that of ICWC. There was no new hotel openings recorded in Wan Chai in the first three quarters of 2025.

<sup>86</sup> Source: Press Release, Langham Hospitality Group, <https://www.langhamhospitalitygroup.com/en/media/latest-news/langham-hospitality-group-launches-ying-n-flo/>

<sup>87</sup> Source: Hopewell Centre II, [https://www.hopewellholdings.com/eng/hhl\\_hopewell\\_centre\\_II.htm](https://www.hopewellholdings.com/eng/hhl_hopewell_centre_II.htm)

Situated in a prime business district, ICWC attracts strong demand from business travellers. Moreover, the opening of Kai Tak Stadium in 2025 has uplifted the city's position as a destination for sports and entertainment tourism. Coupled with the government's Mega Events strategy, a series of major pop concerts and national sports events were hosted, successfully attracted more visitors and benefited the hospitality sector. We anticipate that the tourism market will gain further momentum in 2026 as international and mainland overnight visitors increase, leading to higher occupancy rates and average room rates. While we expect a modest recovery in the short to medium term, a full recovery is projected in the long run.

## (7) ICLUB SHEUNG WAN HOTEL

The iclub Sheung Wan Hotel (ICSW) is located in Bonham Strand, Sheung Wan, a well-established commercial and residential district on Hong Kong Island. The area is known for its blend of modern office buildings such as Shun Tak Centre and Cosco Tower, and cultural landmarks such as Man Mo Temple and the historic Western Market. With easy access to public transport, including the MTR, buses, and taxis, ICSW offers convenient connectivity to other districts in Hong Kong.

The hotel benefits from its close proximity to the Hong Kong-Macau Ferry Terminal, which is just a short distance away, offering easy access for travellers heading to and from Macau. This prime location provides guests with seamless connections to various parts of Hong Kong and nearby regions, making it an ideal choice for both leisure and business travellers.

Additionally, the hotel attracts leisure travellers with nearby clusters of stores along Wing Lok Street and Des Voeux Road West, known for their quality dried foods. The surrounding area is known for its blend of traditional markets, modern retail outlets, and dining options, providing guests with a rich cultural experience.

According to Hong Kong Tourism Board, a new hotel has been added to the Sheung Wan district in 2024 – Motto by Hilton Hong Kong Soho, offering 274 guestrooms.<sup>88</sup> There was no new hotel openings recorded in Sheung Wan in the first three quarters of 2025.

Situated close to the Central business district, surrounded by high-quality office developments, ICSW experiences strong demand from business travellers. Moreover, the opening of Kai Tak Stadium in 2025 has uplifted the city's position as a destination for sports and entertainment tourism. Coupled with the government's Mega Events strategy, a series of major pop concerts and national sports events were hosted, successfully attracted more visitors and benefited the hospitality sector. We anticipate that the tourism market will gain further momentum in 2026 as international and mainland overnight visitors increase, leading to higher occupancy rates and average room rates. While we expect a modest recovery in the short to medium term, a full recovery is projected in the long run.

<sup>88</sup> Source: "Hotel Supply Situation Report as at December 2024", HKTB, [partnernet.hktb.com/](http://partnernet.hktb.com/)

## (8) ICLUB FORTRESS HILL HOTEL

iclub Fortress Hill Hotel (ICFH) is located in Merlin Street in North Point, a well-connected district on Hong Kong Island. The immediate locality consists of a mix of commercial and residential buildings, with a variety of local eateries and shops. Located near the MTR Fortress Hill station, the area offers convenient access to other districts in Hong Kong.

Fortress Hill is strategically located between Quarry Bay and Causeway Bay, offering a blend of both commercial and retail developments. It is adjacent to Quarry Bay, a growing decentralised commercial district featuring high-quality office developments, and is also close to Causeway Bay, one of Hong Kong's prime retail areas. Notable shopping centres such as Times Square, Lee Gardens, Sogo Department Store, and Hysan Place are just a short distance away, providing ample shopping and dining options. For leisure, the East Coast Park Precinct, which opened in 2021, is only a 5-minute walk from ICFH, making it an ideal spot for families and pet owners. Additionally, popular recreational facilities such as Victoria Park, Hong Kong Stadium, and the Happy Valley Racecourse are also nearby.

In 2023, Vanke Hong Kong launched its new hotel, Stellar, in North Point, contributing 164 keys to the area<sup>89</sup>. Additionally, Ascott North Point Hong Kong opened in 2024, adding a total of 204 keys.<sup>90</sup> However, they have minimal impact on ICFH given that market position and hotel scale are different. There was no new hotel openings recorded in North Point in the first three quarters of 2025.

Situated close to the MTR Fortress Hill Station, which offers excellent connectivity to Kowloon and the New Territories, making it an ideal choice for travellers seeking convenience and ease of access. The opening of Kai Tak Stadium in 2025 has uplifted the city's position as a destination for sports and entertainment tourism. Coupled with the government's Mega Events strategy, a series of major pop concerts and national sports events were hosted, successfully attracted more visitors and benefited the hospitality sector. We anticipate that the tourism market will gain further momentum in 2026 as international and mainland overnight visitors increase, leading to higher occupancy rates and average room rates. While we expect a modest recovery in the short to medium term, a full recovery is projected in the long run.

## (9) ICLUB TO KWA WAN HOTEL

iclub To Kwa Wan Hotel (ICTKW) (formerly iclub Ma Tau Wai Hotel) is located in Ha Heung Road in To Kwa Wan, a well-established residential area. The immediate locality is predominately low- to mid-rise residential developments. Located near the MTR To Kwa Wan station, the area offers convenient access to other districts in Hong Kong.

The completion of the MTR Shatin-Central Link (SCL) Phase 1 in June 2021, which connects Kai Tak to Hung Hom, followed by the expansion of SCL Phase 2 in May 2022, has significantly improved travel times in the area.<sup>91</sup> The extension of the East Rail Line from Hung Hom to Admiralty now allows for a streamlined 15-minute journey from Kowloon City to Admiralty, greatly enhancing accessibility to ICTKW.

<sup>89</sup> Sources: Press Releases, Vanke, <https://www.vankehk.com/en/press-release/vanke-hong-kong-officially-named-its-hotel-and-serviced-apartments-as-the-stellar>

<sup>90</sup> Source: "Hotel Supply Situation Report as at December 2024", HKTB, [partnernet.hktb.com/](http://partnernet.hktb.com/)

<sup>91</sup> Source: Mass Transit Railway Corporation, Press Release, [www.mtr.com.hk/archive/corporate/en/press\\_release/PR-22-039-E.pdf](http://www.mtr.com.hk/archive/corporate/en/press_release/PR-22-039-E.pdf)

The ongoing development of the Kai Tak area is transforming the former airport site into a vibrant mixed-use district, with new residential, commercial, and leisure facilities. According to the 2017 Policy Address, 16,000 additional residential flats and about 400,000 sq m of commercial area will be provided in Kai Tak.<sup>92</sup> Kai Tak's new shopping destination, AIRSIDE opened in September 2023, providing over 700,000 sq ft of commercial spaces and 40 dining options<sup>93</sup>. "The Twins" under SOGO's operation was opened in late 2024, offering 1.1 million sq ft of retail space and hosting more than 700 shops, including a SOGO department store<sup>94</sup>. Additionally, Kai Tak Sports Park, covering 28 hectares and designed to accommodate international sports events and entertainment activities<sup>95</sup>, was opened in late 2024. The transformation of Kai Tak area into a prominent destination for sports, shopping, and entertainment will enhance amenities and connectivity for visitors. Its proximity to ICTKW is expected to attract more tourists and business travellers, enhancing ICTKW's accessibility and growth potential.

In 2024, Dorsett Hotel Kai Tak opened in September, totalling 373 keys.<sup>96</sup> There was no new hotel openings recorded in To Kwa Wan in the first three quarters of 2025.

Situated close to the MTR To Kwa Wan Station, which offers excellent connectivity to Kowloon and the New Territories, making it an ideal choice for travellers seeking convenience and ease of access. The opening of Kai Tak Stadium in 2025 has uplifted the city's position as a destination for sports and entertainment tourism. Coupled with the government's Mega Events strategy, a series of major pop concerts and national sports events were hosted, successfully attracted more visitors and benefited the hospitality sector. We anticipate that the tourism market will gain further momentum in 2026 as international and mainland overnight visitors increase, leading to higher occupancy rates and average room rates. While we expect a modest recovery in the short to medium term, a full recovery is projected in the long run.

<sup>92</sup> Source: Information Services Department (ISD), 2017 Policy Address.

<sup>93</sup> Source: Announcement, Nan Fung Group, <https://www.nanfung.com/en/about-us/announcement/nan-fung-groups-flagship-mixed-use-complex-airside/>

<sup>94</sup> Source: "The Twins", Lifestyle International Holdings Ltd., <https://www.lifestylehk.com.hk/en/our-business>

<sup>95</sup> Source: Kai Tak Sports Park, MEHK, <https://www.mehongkong.com/eng/home/mice-ideas/detail/kai-tak-sports-park.html>

<sup>96</sup> Source: "Hotel Supply Situation Report as at December 2024", HKTB, [partnernet.hktb.com/](http://partnernet.hktb.com/)

## 8.0 Limiting Conditions

This report is confidential to the addressees and unitholders of Regal REIT for the specific purpose to which it refers. It may be disclosed to other professional advisers assisting the addressee in respect of the purposes, but the addressee shall not disclose the report to any other person (save and except where the valuation report is required to be published under the REIT Code, the Listing Rules and any other relevant laws and regulations).

In accordance with our standard practice, we must state that this report and valuation is for the use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents. We do not accept liability to any third party or for any direct or indirect consequential losses or loss of profits as a result of this report.

Our total liability for any direct loss or damage (whether caused by negligence or breach of contract or otherwise) arising out of or in connection with this Valuation is limited in accordance with the terms of our agreement. Knight Frank accepts no liability for any indirect or consequential loss or for loss of profits.

No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner, director or consultant of Knight Frank. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Knight Frank.

We confirm that we hold adequate and appropriate Professional Indemnity Insurance cover for this instruction.

### Reviewed (but not undertaken) by:

#### **Stella Ho**

*MHKIS MRICS RICS Registered Valuer R.P.S. (GP)*  
Executive Director  
Valuation & Advisory  
For and on behalf of Knight Frank Petty Limited

#### **Cyrus Fong**

*FHKIS FRICS RICS Registered Valuer R.P.S. (GP)*  
Executive Director  
Head of Valuation & Advisory, Greater China  
For and on behalf of Knight Frank Petty Limited

## SUMMARY OF PROPERTY PORTFOLIO

As at 31st December, 2025

Description	Use	Lease	Gross Floor Area (sq. m.)	Approx. Covered Floor Area (sq. m.)	Percentage interest attributable to Regal REIT
(1) Regal Airport Hotel 9 Cheong Tat Road Hong Kong International Airport Chek Lap Kok New Territories Hong Kong	Hotel	Medium term	71,988	83,400	100
(2) Regal Hongkong Hotel 88 Yee Wo Street Causeway Bay Hong Kong	Hotel	Long term	25,090	32,000	100
(3) Regal Kowloon Hotel 71 Mody Road Tsimshatsui Kowloon Hong Kong	Hotel	Long term	31,746	43,500	100
(4) Regal Oriental Hotel 30-38 Sa Po Road and Shops 3-11 on G/F including Cockloft of Shops 5-7 and the whole of 1/F Po Sing Court 21-25 Shek Ku Lung Road 40-42 Sa Po Road and 15-29 Carpenter Road Kowloon City Kowloon Hong Kong	Hotel	Medium term	22,601	27,300	100

	<b>Description</b>	<b>Use</b>	<b>Lease</b>	<b>Gross Floor Area</b> <i>(sq. m.)</i>	<b>Approx. Covered Floor Area</b> <i>(sq. m.)</i>	<b>Percentage interest attributable to Regal REIT</b>
(5)	Regal Riverside Hotel 34-36 Tai Chung Kiu Road Shatin, New Territories Hong Kong	Hotel	Medium term	59,668	69,100	100
(6)	iclub Wan Chai Hotel Shops A, B and C on G/F, Flat Roof on 3/F, Whole of 5-12/F, 15-23/F and 25-29/F Eastern and Western Elevations of External Walls Architectural Feature at Roof Top and Upper Roof 211 Johnston Road Wan Chai Hong Kong	Hotel/ commercial	Long term	5,326	5,530	100
(7)	iclub Sheung Wan Hotel 138 Bonham Strand Sheung Wan Hong Kong	Hotel	Long term	7,197	9,600	100
(8)	iclub Fortress Hill Hotel 18 Merlin Street North Point Hong Kong	Hotel	Long term	6,849	9,400	100
(9)	iclub To Kwa Wan Hotel 8 Ha Heung Road Kowloon Hong Kong	Hotel	Long term	6,298	9,490	100

## SUMMARY FINANCIAL INFORMATION

The summary of the results, the distributions and the assets and liabilities of the Group, as extracted from the published audited consolidated financial statements, is set out below.

### Summary of the results and distributions

	Year ended 31st December, 2025 HK\$'000	Year ended 31st December, 2024 HK\$'000	Year ended 31st December, 2023 HK\$'000	Year ended 31st December, 2022 HK\$'000	Year ended 31st December, 2021 HK\$'000
Gross rental and hotel revenue	710,473	701,212	617,762	616,441	593,544
Net rental and hotel income	689,233	681,004	599,038	600,599	578,916
Profit/(Loss) before tax and distributions to Unitholders	(119,821)	(200,460)	246,324	966,097	631,731
Profit/(Loss) for the year, before distributions to Unitholders	(171,895)	(204,400)	265,736	929,896	577,087
Distribution income/(adjusted loss) for the year attributable to Unitholders	29,106	(90,578)	(127,612)	204,759	310,848
Total distributions per Unit	HK\$0.0088	—	—	HK\$0.061	HK\$0.086

### Summary of the assets and liabilities

	2025 HK\$'000	2024 HK\$'000 (restated)	2023 HK\$'000 (restated)	2022 HK\$'000 (restated)	2021 HK\$'000
Non-current assets:					
Property, plant and equipment	664,000	672,000	636,000	604,000	575,000
Investment properties	23,112,000	23,271,000	23,352,000	22,949,000	22,149,000
Right-of-use assets	143,965	—	—	—	—
Derivative financial instruments	—	2,671	—	—	—
Finance lease receivables	4,908	—	998	7,468	13,819
Current assets	250,372	279,793	403,347	288,043	174,656
Total assets	24,175,245	24,225,464	24,392,345	23,848,511	22,912,475
Current liabilities	5,346,177	1,005,728	757,762	5,581,679	241,129
Non-current liabilities	6,130,407	10,312,237	10,560,710	5,458,968	10,524,435
Total liabilities	11,476,584	11,317,965	11,318,472	11,040,647	10,765,564
Net assets attributable to Unitholders	12,698,661	12,907,499	13,073,873	12,807,864	12,146,911
Net asset value per Unit attributable to Unitholders	HK\$3.898	HK\$3.962	HK\$4.014	HK\$3.932	HK\$3.729



