

# TARGET

## Intelligence Report

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T U E S D A Y

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### PART I OF II

#### **PALIBURG HOLDINGS LTD: LOSSES, LOSSES, AND MORE LOSSES**

Over the past five Financial Years of the publicly listed corporate entity, Paliburg Holdings Ltd (百利保控股有限公司) (Code: 617, Main Board, The Stock Exchange of Hongkong Ltd), Management had been forced to admit that it had suffered massive material losses, aggregating not less than \$HK2,531,700,000.00 in four consecutive single Financial Years.

The most-deleterious loss with regard to just one of those worst Financial Years was the 2023-Year, ended December 31, when the Net Loss Attributable to Shareholders was a whopping \$HK1,042,000,000.00.

On or about Friday, April 26, 2024, Senior Management of Paliburg Holdings Ltd published and disseminated its 2023 Annual Report in the Hongkong Special Administrative Region (HKSAR) of The People's Republic of China (PRC).

At Page 65 of this 192-page Annual Report, '**CORPORATE AND GROUP INFORMATION**' was presented as follows:

*'Paliburg Holdings Limited (the "Company") is a limited liability company, incorporated in Bermuda. The head office and principal place of business of the Company is located at 11th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong.'*

*'During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in property development and investment, construction and building related businesses, hotel ownership, hotel operation and management, asset management, aircraft ownership and leasing and other investments including financial assets investments.'*

*'In the opinion of the Directors, the parent and the ultimate holding company of the Group is Century City International Holdings Limited (世紀城市國際控股有限公司) ("CCIHL"), which was incorporated in Bermuda and is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").'*

The Chairman of the Board of Directors of Paliburg Holdings Ltd is, today, Mr Lo Yuk Sui (羅旭瑞).

At Pages Six through to 16 of the 2023 Annual Report of Company, Chairman Lo Yuk Sui had this to say:

### ***'FINANCIAL RESULTS***

*'For the year ended 31st December, 2023, the Group recorded a consolidated loss attributable to shareholders of HK\$1,042.0 million, as compared to a loss of HK\$217.7 million for the preceding financial year.*

*'As explained in the profit warning announcement published by the Company on 20th March, 2024, although the Group's two principal business operations comprising property and hotel businesses continued to operate profitably, their profit contributions for the year were relatively lower than those in 2022, particularly with respect to the property business as affected by the adverse market conditions of the real estate sectors in Hong Kong and Mainland China. Moreover, due to the substantial increase in the Group's finance costs on account of the rapid hike in the interest rates in Hong Kong, especially in the second half of last year, as well as the significant amount of depreciation charges required to be provided on the Group's hotel properties to conform to applicable accounting standards, the Group recorded an increased loss for the year under review.*

*'For the financial year ended 31st December, 2023, the Group attained a gross profit of HK\$1,124.8 million (2022 - HK\$1,724.9 million). After accounting for mainly administrative expenses, the impairment losses on certain properties held for sale and properties under development as well as fair value losses on financial assets, the operating profit before depreciation, finance costs and tax (EBITDA) amounted to HK\$277.8 million (2022 - HK\$1,086.4 million).*

*'The Group presently holds, through its various subsidiaries, a portfolio of 12 hotels operating in Hong Kong. Except for the iclub AMTD Sheung Wan Hotel that is owned by a joint venture 50% held by P&R Holdings Limited (百富控股有限公司) (which is, in turn, a joint venture equally owned by the Company and Regal Hotels International Holdings Limited (富豪酒店國際控股有限公司), a listed subsidiary of the Company), all the other 11 hotels are wholly owned and operated within the Group and required to be subject to depreciation charges to conform to the applicable accounting standards. Total depreciation charges on these 11 hotels for the year amounted to HK\$689.5 million, including an amount of*

*HK\$123.4 million on the new Regala Skycity Hotel. Although these depreciation charges do not have any immediate impact on the Group's cash flow, they have nevertheless adversely affected the Group's financial results.*

*'Supplementary information showing the adjusted net asset value of the Company of HK\$14.65 per share as at 31st December, 2023, after adjusting for the surplus of the market valuations over the carrying values of the Group's hotel properties in Hong Kong of HK\$10,763.6 million and on the basis therein presented, is contained in the paragraph headed "Asset Value" in the section headed "Management Discussion and Analysis" in this Annual Report.*

## ***'BUSINESS OVERVIEW***

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

*'As at 31st December, 2023, the Group directly held, through its wholly owned subsidiaries, a controlling shareholding interest of approximately 69.3% in Regal which, in turn, held approximately 74.9% of the outstanding units of Regal Real Estate Investment Trust (富豪產業信託), the listed subsidiary of Regal that presently owns five Regal Hotels and four iclub Hotels in Hong Kong. Regal Portfolio Management Limited (富豪資產管理有限公司), a wholly owned subsidiary of Regal, acts as the REIT Manager of Regal REIT.*

*'The Group's property development and investment businesses in Hong Kong are principally conducted through P&R which is, effectively, a subsidiary of the Group. Regal also undertakes, on its own, some property projects in Hong Kong as well as overseas.*

*'Apart from its property business, P&R also holds an effective controlling shareholding interest in Cosmopolitan International Holdings Limited (四海國際集團有限公司), a listed subsidiary of the Group that primarily engages in property business in China and other investments. Following the completion of the bonus issue and related proposals by Cosmopolitan in December 2023 and the subsequent conversion by P&R of its holdings of the convertible bonds and part of the convertible notes received under the aforesaid bonus issue of Cosmopolitan into ordinary shares of Cosmopolitan, P&R held 56.5% of the issued ordinary share capital of Cosmopolitan as at 31st December, 2023 and, in addition, existing convertible preference shares as well as new convertible notes of Cosmopolitan, which are convertible into an aggregate of 1,272.1 million new ordinary shares of Cosmopolitan. Moreover, the Company and Regal also hold, through their respective wholly owned subsidiaries, ordinary shares and new convertible notes of Cosmopolitan...*

## ***'PROPERTIES***

*'After a short market rebound witnessed in the first quarter last year, the sluggish economic conditions and high interest rates environment continued to weigh on the property sector in Hong Kong. These adverse factors have not only dampened market confidence in the private sector but have also affected land sales by the Hong Kong Government, leading to six failed bids in the public land tenders in 2023.*

*'Following the partial relaxation by the Government of Hong Kong of the special stamp duty and the double stamp duty in October 2023, the volume of property transactions regained some momentum, mainly benefiting from the launching by developers of units in new development projects or retained unsold inventories at competitive prices. Nevertheless, for 2023 as a whole, overall properties prices as well as the aggregate number of property transactions in the residential segment in Hong Kong have declined as compared with 2022.*

*'The ... [CLICK TO ORDER FULL ARTICLE](#)*

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