

INTERIM REPORT
2023

Building with the Times



爪哇集團
SEA Group

Stock Code 股份代號: 251

DIRECTORY

DIRECTORS

Executive Directors

Mr. Lu Wing Chi, Jesse (*Chairman*)
Mr. Lambert Lu (*Chief Executive*)
Mr. Yap Shee Liam (*Chief Financial Officer*)

Independent Non-executive Directors

Mr. Walujo Santoso, Wally
Mr. Chung Pui Lam
Mr. Chan Kwok Wai
Mr. Lo Wai Tung Welman

AUDIT COMMITTEE

Mr. Chan Kwok Wai (*Chairman*)
Mr. Walujo Santoso, Wally
Mr. Chung Pui Lam
Mr. Lo Wai Tung Welman

NOMINATION COMMITTEE

Mr. Lu Wing Chi, Jesse (*Chairman*)
Mr. Walujo Santoso, Wally
Mr. Lo Wai Tung Welman

REMUNERATION COMMITTEE

Mr. Chung Pui Lam (*Chairman*)
Mr. Lu Wing Chi, Jesse
Mr. Lambert Lu
Mr. Walujo Santoso, Wally
Mr. Lo Wai Tung Welman

AUTHORISED REPRESENTATIVES

Mr. Lambert Lu
Ms. Chow Siu Yin, Dora

COMPANY SECRETARY

Ms. Chow Siu Yin, Dora

LEGAL ADVISERS

Mayer Brown
Clifford Chance
Stephenson Harwood
Conyers Dill & Pearman

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Bank of China (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
Hang Seng Bank Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL PLACE OF BUSINESS

26/F., Everbright Centre
108 Gloucester Road
Wanchai, Hong Kong
Tel: (852) 2828 6363
Fax: (852) 2598 6861
E-mail: info@seagroup.com.hk

BRANCH REGISTRAR IN HONG KONG

Tricor Standard Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2528 3158

LISTING

The shares of the Company are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited.

STOCK CODE AND BOARD LOT

251/2,000 shares

WEBSITE

www.seagroup.com.hk

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HIGHLIGHTS

For the six months ended 30 June 2023



Grand Victoria, Hong Kong



Revenue

HK\$196.4 million

(2022: HK\$189.5 million)



Loss attributable to the Shareholders

HK\$436.9 million

(2022: HK\$65.3 million)



Net asset value ("NAV") and NAV per share of the Group attributable to the Shareholders as at 30 June 2023

HK\$9,300.5 million and HK\$15.4 respectively[#]

[#] After adjusting hotel property to fair market value.

LOCATION OF THE GROUP'S PROPERTIES/PROJECTS

UNITED KINGDOM



CHINA



UNITED KINGDOM London

- 20 Moorgate
- 33 Old Broad Street



CHINA Hong Kong

- 1 Shouson Hill Road East
- Crowne Plaza Hong Kong Causeway Bay
- Grand Victoria
- Jardine's Lookout
- Repulse Bay
- Winway Building



PROPERTY PORTFOLIO

Major Projects

At 30 June 2023

GRAND VICTORIA

維港匯

HONG KONG, CHINA



DEVELOPMENT PROPERTY

Project Name: Grand Victoria

Development Address:

6 Lai Ying Street and 8 Lai Ying Street, South West Kowloon, Hong Kong

District: South West Kowloon

Usage: Residential

Number of Residential Units: 1,437

Geographical Environment:

Located at the South West Kowloon waterfront. The location enjoying panoramic harbour views while having the West Kowloon Cultural District and Guangzhou – Shenzhen – Hong Kong Express Rail Link Terminus in the vicinity. It enjoys excellent connectivity with MTR stations and lines linking Central, airport, the Express Rail Link Terminus and all the commercial hubs in the city.

Approximate Site Area: 208,262 sq. ft.

Approximate Gross Floor Area: 987,812 sq. ft.

Completion: Phase 1 - May 2023
Phases 2 and 3 - July 2023

Mode of Development: Joint Venture
(the Group holds 14.5% interest)

Project Highlight:

- The project consists of 3 Phases with a total of 1,437 units.
- The project is a premium waterfront property with green architectural features and smart home designs.

PROPERTY PORTFOLIO

Major Projects

At 30 June 2023

HONG KONG, CHINA



DEVELOPMENT PROPERTY

Project Name: Repulse Bay

Development Address:

Rural Building Lot No. 1203 at South Bay Road,
Repulse Bay, Hong Kong

District: Repulse Bay

Usage: Residential

Approximate Site Area: 21,173 sq. ft.

Approximate Gross Floor Area: 19,055 sq. ft.

Stage of Completion: Planning Stage

Mode of Development: Joint Venture
(the Group holds 50% interest)

Geographical Environment:

Located at traditional luxury residential area Repulse Bay, it is being developed into luxury residences with endless intoxicating sea views, featuring a stunning panoramic view of Repulse Bay.

PROPERTY PORTFOLIO

Major Projects

At 30 June 2023

1 SHOUSON HILL

ROAD EAST

HONG KONG, CHINA



INVESTMENT PROPERTY

Project Name: 1 Shouson Hill Road East

Development Address:

1 Shouson Hill Road East, Deep Water Bay, Hong Kong

District: Deep Water Bay

Usage: Residential

Geographical Environment:

Prestigiously situated in the luxurious residential area in the Deep Water Bay area of Island South, the project possesses the lush panoramic views of Mount Nicholson and residents could enjoy the convenience of commuting to the Central and Causeway Bay by just a few minutes of driving.

Number of Residential Units: 7 houses

Lease Expiry: 30 June 2047

Ownership Status: 100%

Project Highlight:

- Features 20 blocks of 3-storey detached houses, each with a sizable private garden, roof top and covered car parking spaces accessible directly from the house.

PROPERTY PORTFOLIO

Major Projects

At 30 June 2023

HONG KONG, CHINA



INVESTMENT PROPERTY

Project Name: Jardine's Lookout

Development Address:

No. 89-93 Tai Hang Road, Hong Kong (Inland Lot No. 7384)

District: Jardine's Lookout

Usage: Residential

Approximate Site Area: 11,000 sq. ft

Approximate Gross Floor Area: 22,000 sq. ft

Lease Expiry: 75 years commencing from 25 April 1957

Ownership Status: 100%

Geographical Environment:

As the new luxury residential project, Jardine's Lookout is set just above Happy Valley, overlooks the dazzling Victoria Harbour view. This predominant lavish residential neighborhood are mostly expansive detached properties. It enjoys a convenient transportation network.

PROPERTY PORTFOLIO

Major Projects

At 30 June 2023

LONDON, THE UNITED KINGDOM



INVESTMENT PROPERTY

Project Name: 33 Old Broad Street

Development Address:

33-41 Old Broad Street and 1-6 Union Court, London EC2

District: Central Business District, London

Usage: Office

Geographical Environment:

33 Old Broad Street is prominently located at the core of the City of London with only 150 metres away from the Liverpool Street Crossrail Station. This strategic location appeals to global occupiers from the financial, insurance and professional sectors.

Approximate Net Internal Area: 191,165 sq. ft.

Lease Expiry: Freehold

Ownership Status: 100%

Project Highlight:

- The 9-storey property is located in “the Eastern Cluster” identified by the City of London Corporation, which is identified as suitable for development of high-rise buildings, providing a promising redevelopment opportunity as a landmark development.
 - Currently leased to Bank of Scotland as their London headquarter.
-

PROPERTY PORTFOLIO

Major Projects

At 30 June 2023

LONDON, THE UNITED KINGDOM



INVESTMENT PROPERTY

Project Name: 20 Moorgate

Development Address:
20 Moorgate, London EC2R 6DA

District: Central Business District, London

Usage: Office

Approximate Net Internal Area: 154,854 sq. ft.

Lease Expiry: Long Lease

Ownership Status: 100%

Geographical Environment:

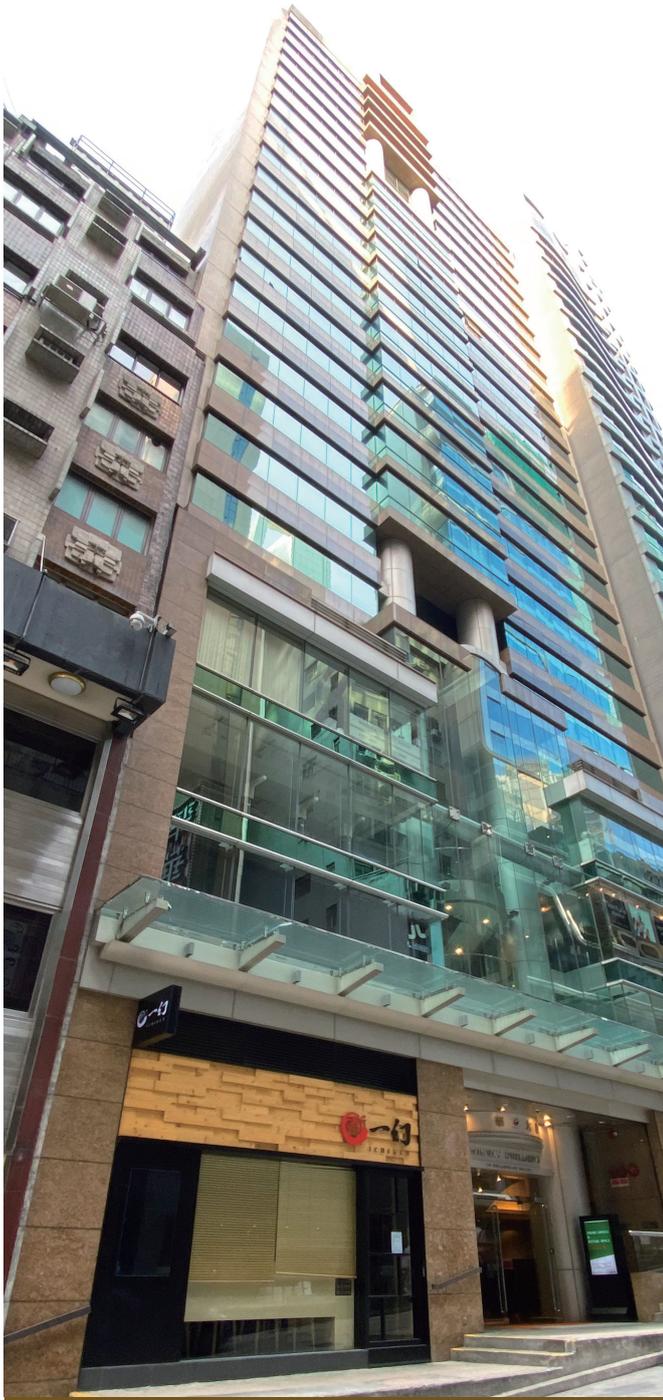
20 Moorgate is a 7-storey office building located in the heart of London with less than 100 metres of walking distance from the Bank of England. The development provides a sizable floor space of Grade A office, retail and ancillary accommodation. The commercial part of the property is fully let as the headquarter of United Kingdom Prudential Regulation Authority (a regulatory body of the Bank of England).

PROPERTY PORTFOLIO

Major Projects

At 30 June 2023

HONG KONG, CHINA



INVESTMENT PROPERTY

Project Name: Winway Building

Development Address:

50 Wellington Street, Central, Hong Kong

District: Central

Usage: Commercial

Approximate Gross Floor Area: 60,000 sq. ft.

Lease Expiry: 999 years commencing from 26 June 1843

Ownership Status: 58.83%

Geographical Environment:

A 24-storey commercial tower located at the prime area of Central. It comprises of 20-storey of office floor space occupied mainly by professional service providers, such as clinics, law firms as well as beauty centres; while the G/F-2/F retail portion provides an ideal location for tenants to establish their presence in Central.

PROPERTY PORTFOLIO

Major Projects

At 30 June 2023

HONG KONG, CHINA



HOTEL PROPERTY

Project Name: Crowne Plaza Hong Kong Causeway Bay

Development Address:

8 Leighton Road, Causeway Bay, Hong Kong

District: Causeway Bay

Usage: Hotel

Lease Expiry: 6 November 2049

Ownership Status: 100%

Geographical Environment:

Situated at the heart of Hong Kong's most renowned shopping district, the hotel has spectacular views of the vibrant city as well as the greenery views of the Happy Valley race course, and it has become the premium choice of hotel accommodation for both business and leisure travelers.

Project Highlight:

- Crowne Plaza Hong Kong Causeway Bay's guest rooms and suites are spacious and comfortable, and are the largest of any hotels in the area. Since its opening in late 2009, the hotel has established an excellent reputation offering a unique experience to the international travelers around the world.
-

MANAGEMENT DISCUSSION AND ANALYSIS



Grand Victoria, Hong Kong

Financial Summary

Revenue for the six months ended 30 June 2023 amounted to HK\$196.4 million (2022: HK\$189.5 million). The revenue was principally attributable to the recognition of rental income from investment properties, revenue from hotel operation and income from financial investment.

Despite the increase in ordinary operating profit of the Group during the current interim period, the loss attributable to the Shareholders for the period amounted to HK\$436.9 million (2022: HK\$65.3 million), equivalent to a basic loss per share of HK72.6 cents (2022: HK10.8 cents). The loss attributable to the Shareholders in current period was mainly attributable to non-recurring items including (i) a fair value loss on investment properties in the United Kingdom; and (ii) an impairment loss on the listed debt securities investments. The abovementioned fair value loss and impairment loss are non-cash items and have no immediate impact on the cash flow of the Group.

As at 30 June 2023, the Group's equity attributable to the Shareholders amounted to HK\$4,496.7 million (31 December 2022: HK\$4,687.7 million). The net asset value per share attributable to the Shareholders as at 30 June 2023 was HK\$7.5 as compared with HK\$7.8 as at 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's property assets (including interests in joint ventures) by geographical location at the period end were as follows:

	30 June 2023 HK\$' million	31 December 2022 HK\$' million
Hong Kong	5,855.8	6,563.4
The United Kingdom	4,023.4	4,001.9
Total	9,879.2	10,565.3

The Group's hotel property is stated at cost less accumulated depreciation charges at a carrying value of HK\$516.2 million (31 December 2022: HK\$526.2 million), whereas the market value as at 30 June 2023 as determined by valuation carried out by an independent property valuer is HK\$5,320.0 million (31 December 2022: HK\$5,320.0 million). For the purpose of providing supplementary information, if the carrying value of the Group's hotel property was restated to its market value as at 30 June 2023, the adjusted total property assets, the adjusted net asset value and adjusted net asset value per share attributable to the Shareholders would be HK\$14,683.0 million (31 December 2022: HK\$15,359.1 million), HK\$9,300.5 million (31 December 2022: HK\$9,481.5 million) and HK\$15.4 (31 December 2022: HK\$15.7) respectively.

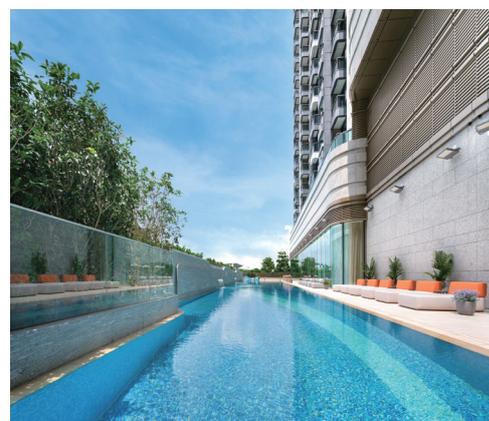
Interim Dividend

The Board has declared an interim dividend of HK2 cents per share for the six months ended 30 June 2023 (for the six months ended 30 June 2022: HK2 cents) to the Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 26 September 2023. The relevant dividend warrants are expected to be despatched on or before Friday, 13 October 2023.

Business Review

Property Investment and Development

The Group continues to focus on property development and property investment projects. The strategy of the Group will be determined by the Board taking into consideration market opportunities, the Group's financial resources and its core competence. It is the Group's approach to review and optimize the project portfolios from time to time. Currently, the Group's core projects mainly consist of two residential projects in Hong Kong (No. 1 Shouson Hill Road East and Inland Lot No. 7384 at Jardine's Lookout), a commercial property in Hong Kong (a portion of Winway Building) and two joint venture residential development projects ("Grand Victoria" at West Kowloon Waterfront and Rural Building Lot No. 1203 at South Bay Road, Repulse Bay), and two investment properties in London, the United Kingdom (20 Moorgate and 33 Old Broad Street).



Grand Victoria, Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

Hong Kong

During the period, the Group continues our effort in the residential development project in West Kowloon Waterfront "Grand Victoria"¹. The Group holds 14.5% equity interest in the project. The development has been completed with certificate of compliance issued. More than 1,000 units of the project have been sold with total sale proceeds of nearly HK\$16.7 billion. As at 30 June 2023, the Group's interest in this joint venture was HK\$1,937.4 million (including loans to joint ventures) of which HK\$1,800.0 million to be recovered within one year for the reporting period and classified under current assets.

Winway Building², one of the Group's investment property, is at the prime location of central business district of Hong Kong and is a high quality commercial property. The rental income generated from the property for the period ended 30 June 2023 slightly decreased as compared with previous period. As at 30 June 2023, the occupancy rate was 92% (30 June 2022: 96%).

The Group owns a residential property project at Shouson Hill Road East for long term investment. The renovation works were completed in 2022. The Group will continue to hold the project for long term investment purpose.

In February 2022, the Group acquired a piece of land at the land premium of HK\$1,188.2 million through a Government tender which is situated at South Bay Road, Repulse Bay with a gross floor area of about 19,055 sq.ft., and is being developed into luxury residences with most fascinating sea views. In December 2022, the Group entered into a binding memorandum of agreement under which the Group agreed to sell 50% interest in the project to an independent third party, Hon Kwok Land Investment Company, Limited for establishing a joint venture to jointly own and develop the land into a luxury residence for sale purpose. The joint venture was formed in January 2023. As at 30 June 2023, the Group's interest in this joint venture was HK\$400.3 million. The co-operation allows both parties to share their resources, expertise and extensive experience in property construction and development. The disposal of such 50% interest in the project at a premium to our acquisition cost realised a cash amount of approximately HK\$387.1 million as general working capital and for future investment and development by the Group.

The Group owns a land site located at Jardine's Lookout at No. 89-93 Tai Hang Road, Hong Kong which is a traditional luxury residential area. The site is being redeveloped into low density luxury residence for long term investment. Jardine's Lookout is set just above Happy Valley, overlooks the dazzling Victoria Harbour view. This predominant lavish residential neighborhood are mostly expansive detached properties. It enjoys a convenient transportation network.



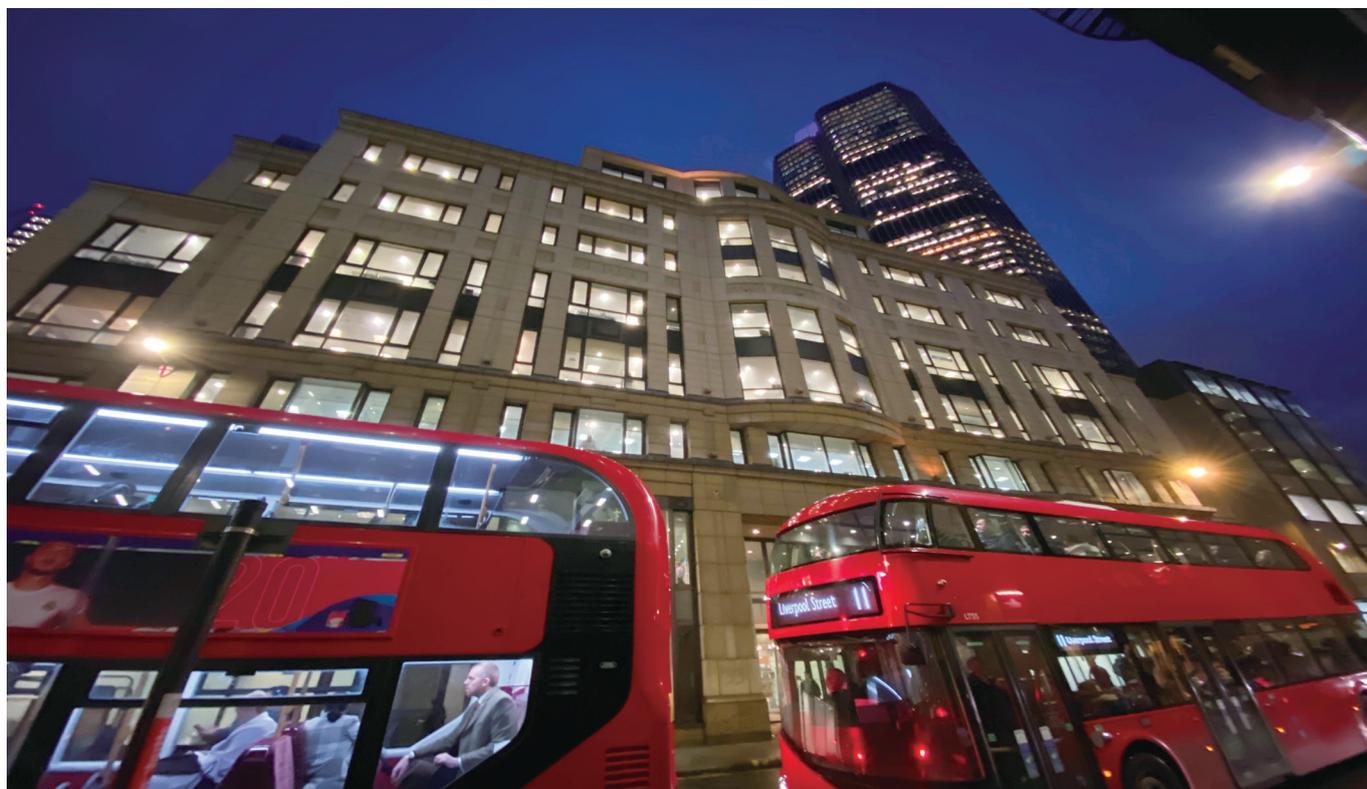
Grand Victoria, Hong Kong



1 Shouson Hill Road East, Hong Kong

- 1 The Group is being a part of the consortium comprised of well-known property developers.
- 2 The Group owns approximately 59% of the gross floor area of Winway Building.

MANAGEMENT DISCUSSION AND ANALYSIS



33 Old Broad Street, London

The United Kingdom

The Group owns two investment properties located in the heart of London in the United Kingdom.

20 Moorgate, London is almost fully let to the Prudential Regulatory Authority (a regulatory body of the Bank of England) as a headquarter under long-term lease agreements.

33 Old Broad Street, London is fully leased to Bank of Scotland as their London headquarter and guaranteed by HBOS Plc (a wholly-owned subsidiary of the Lloyds Banking Group) for a fixed term until 2039 with fixed rental uplift every five years.

Given the strong lease covenants on our reputable tenants, the UK properties continue to provide stable cash flow to the Group, reflecting the Group's success in making investment strategy and the Group's capability to withstand in any market instability.

MANAGEMENT DISCUSSION AND ANALYSIS

Hotel Operation

Crowne Plaza Hong Kong Causeway Bay is a 29-storey five-star hotel comprising 263 guest rooms with ancillary facilities and is operated under the brand of Crowne Plaza of the InterContinental Hotels Group. After the worldwide travel restrictions were lifted as well as the border between Mainland and Hong Kong was fully opened in mid-February 2023, the hotel revenue for the period ended 30 June 2023 had shown improvement, which was HK\$92.0 million (2022: HK\$64.1 million), increased by approximately 43.8%.

The Group is taking all practicable measures to cope with the challenges. We prioritize in delivering feeling of safety to our guests, putting in place strict sanitisation and hygiene protocol. At the same time, the hotel will strive to implement cost saving measures and take decisive decisions to reduce operating costs in this challenging time to gain further market share. The Group will continue to improve the quality of its hotel services to ensure our guests have enjoyable experiences during their stays in our hotel.

Financial Investment

Adhering to prudent management of our capital, the Group continues to optimize its capital structure and decrease the gearing. As at 30 June 2023, the Group held financial investment of approximately HK\$333.6 million (31 December 2022: HK\$376.1 million), which are comprised of listed equity and debt securities and unlisted investments.

During the period under review, the Group recorded an unrealised loss of HK\$208.2 million mainly representing impairment loss on debt securities. The above mentioned impairment loss is a non-cash item and has no immediate impact on the cash flow of the Group.



Crowne Plaza Hong Kong Causeway Bay, Hong Kong



Grand Victoria, Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Resources and Liquidity

Working Capital and Loan Facilities

As at 30 June 2023, the Group's total pledged bank deposits, bank balances and cash was HK\$2,517.2 million (31 December 2022: HK\$2,580.1 million), total financial investments (including debt instruments at fair value through other comprehensive income, financial assets at fair value through profit or loss and equity instruments at fair value through other comprehensive income) were HK\$333.6 million (31 December 2022: HK\$376.1 million) and unutilised facilities were HK\$3,005.8 million (31 December 2022: HK\$4,299.3 million).

As at 30 June 2023, the Group's bank borrowings was HK\$8,113.7 million (31 December 2022: HK\$7,525.4 million). The guaranteed notes were fully repaid during the period (31 December 2022: HK\$1,105.8 million). After netting off the bank balance, cash and the financial investments, the Group had a net debt position of HK\$5,262.9 million (31 December 2022: HK\$5,675.0 million) with gearing ratio of 35.8% (31 December 2022: 36.9%) (calculated on the basis of net debt as a percentage of the adjusted total property assets with hotel property adjusted to fair market value of HK\$5,320.0 million (31 December 2022: HK\$5,320.0 million)).

As at 30 June 2023, maturity of the Group's outstanding borrowings (including the guaranteed notes) was as follows:

	30 June 2023 HK\$' million	31 December 2022 HK\$' million
Due		
Within 1 year	2,237.1	2,138.1
1-2 years	1,147.6	2,640.0
3-5 years	3,785.0	2,319.0
Over 5 years	987.7	1,589.1
	8,157.4	8,686.2
Less: Unamortised front-end fee and notes issue expenses	(43.7)	(55.0)
	8,113.7	8,631.2

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong, the total bank borrowings drawn as at 30 June 2023 amounted to HK\$5,486.7 million (31 December 2022: HK\$5,043.7 million) which comprised of secured bank borrowings of HK\$2,837.5 million (31 December 2022: HK\$3,088.0 million) and unsecured bank borrowings of HK\$2,649.2 million (31 December 2022: HK\$1,955.7 million). The secured bank borrowings were secured by properties valued at HK\$3,473.2 million (31 December 2022: HK\$4,044.2 million) and pledged cash of HK\$70.5 million (31 December 2022: HK\$122.1 million).

Subsidiaries of the Company operating in the United Kingdom pledged its investment properties with an aggregate carrying value of HK\$4,023.4 million as at 30 June 2023 (31 December 2022: HK\$4,001.9 million) and pledged cash of HK\$138.6 million (31 December 2022: HK\$nil) to secure bank borrowings of HK\$2,670.7 million (31 December 2022: HK\$2,536.6 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Treasury Policies

The Group adheres to prudent treasury policies. As at 30 June 2023, all of the Group's borrowings were raised through its wholly-owned or substantially controlled subsidiaries on a non-recourse basis.

Staff and Emolument Policy

As at 30 June 2023, the Group had a total of approximately 181 employees (2022: 162 employees) in Hong Kong. Staff costs, including the emoluments of the directors of the Group, amounted to HK\$50.7 million for the six months ended 30 June 2023 (2022: HK\$44.2 million).

The Group maintains a good working relationship with its employees and continues to recruit, retain and develop competent individuals committed for its long-term success and growth. Salary and benefits of employees are reviewed at least annually both in response to market conditions and trends, and in conjunction with individual appraisals based on qualifications, experience, skills, responsibilities, performance and development potentials. Discretionary bonuses are granted in line with the Group's financial results and employees' performance. Fringe benefits including medical insurance scheme, study and training allowances, examination leave and voluntary employer contributions to retirement schemes are offered to employees. In addition, to retain and motivate management staff and good performers, the Company has adopted an employee share option scheme and a share award scheme with options to subscribe for shares in the Company and awards of shares being granted by the Group to its employees (including the Directors) on a discretionary basis. To further enhance employee relations and communications, recreational activities for general staff with senior management's participation are arranged.

Outlook

The global economy continues to be impacted by a range of geopolitical challenges, including the prolonged war between Russia and Ukraine, political tension and trade conflicts between China and the United States. These challenges lead to heightened uncertainties and disruptions in the global economy, resulting in high inflation, soaring interest rates, and weak investor and consumer confidence. Additionally, the financial markets have witnessed significant events, such as the collapse of three mid-sized U.S. banks and the takeover of Credit Suisse by UBS in the first half of 2023. Swift actions by authorities have fortunately helped stabilize market risk sentiment, mitigating the damage to the banking system. However, the prolonged high inflation and interest rates continue to pose a threat to the world economy, resulting in a near-term slowdown in economic growth.

China experienced a rebound in manufacturing activity and service consumption early in the year. Nevertheless, the struggling real estate sector and dampened foreign demand continue to drag on the pace of growth. China's youth unemployment rate reached a record high in June 2023 and China's economic growth in the second quarter fell below market expectations. There are expectations for Chinese government to introduce more fiscal and monetary policies to support the economy.



Grand Victoria, Hong Kong



Grand Victoria, Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

Hong Kong's economy showed improvement in the first quarter of 2023, driven by a strong recovery in inbound tourism and domestic demand. Notwithstanding, momentum weakened in the second quarter due to subdued global demand, a sluggish export market, and a rising interest rate environment. The slowing global economic growth and external demand pressure will further impact the export of goods. Yet, as an international financial center, a gateway to the Mainland, and an offshore RMB financial hub, Hong Kong will keep seizing opportunities arising from the development of the Greater Bay Area. Overall, we maintain an optimistic outlook for the medium to long-term development of Hong Kong's economy.

The Hong Kong property market is facing growing pressure due to interest rates hikes and sluggish investment sentiment. Although the Hong Kong Monetary Authority raised the loan-to-value ratio ceiling in July 2023, there has been limited improvement in investment sentiment within the market. Office demand remains low due to high capital costs and high vacancy rates, putting more pressure on obtaining financing for new property investments. We believe the underlying demand in residential property will still support the residential property market in medium to long term.

In early August 2023, the Bank of England raised its benchmark interest rate to 5.25%, a 15-year high, and indicated it would stay elevated for some time to bring down ongoing high inflation. This is the 14th consecutive rate hike since the central bank began raising interest rates in December 2021. Consequently, this has led to a decline in buying momentum and added pressure to the recovery of the UK economy. The Group's UK property portfolio will sustain a stable rental income, supported by the long-term leases from reputable tenants.

Looking ahead, geopolitical uncertainties and continued high interest rates will persist to impact our business through the remainder of the year. Nonetheless, we stay confident in Hong Kong's resilience and growth potential. The Group keeps committed to seizing the best opportunities and prudently managing the balance sheet in response to the ever-changing business environment. We firmly believe that our Company is well positioned to deliver long-term value to the Shareholders.



Pavilion at Crowne Plaza Hong Kong Causeway Bay, Hong Kong



1 Shouson Hill Road East, Hong Kong

CORPORATE GOVERNANCE AND OTHER INFORMATION

During the period for the six months ended 30 June 2023, the Company had applied the principles and complied with all the code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules. The Board continues to monitor and review the Company's corporate governance practices to enhance its performance.

Risk Management and Internal Control

The Board has overall responsibility for maintaining and ensuring effective implementation of the risk management and internal control systems of the Group to safeguard the Shareholders' interest and the Company's assets.

The Board, through the Audit Committee, reviews regularly the effectiveness and adequacy of the Group's internal control system which includes financial, operational and compliance mechanisms and risk management functions. The review also includes the Company's ESG performance and reporting.

Securities Transactions by Directors and Employees

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

In response to the specific enquiry made by the Company, all Directors confirmed in writing that they had complied with the required standards as set out in the Model Code throughout the period for the six months ended 30 June 2023.

The Company has also adopted a code with no less exacting terms than the Model Code for the directors and employees of the Group (other than the Directors) to regulate their dealings in the securities of the Company, as they are likely to be in possession of inside information in relation to the Company or its securities because of their office or employment.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Directors' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2023, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

1. Long positions in shares of the Company

Name of Directors	Number of ordinary shares held			Number of underlying shares held under equity derivatives		Approximate % of interest in the issued share capital
	Personal interests (held as beneficial owner)	Corporate interests (held by controlled corporations)	Family interests (interests of spouse)	Personal interests (held as beneficial owner)	Total interests	
Lu Wing Chi, Jesse	—	446,392,255 ⁽ⁱ⁾	—	—	446,392,255	74.14
Lambert Lu	550,000	338,779,740 ⁽ⁱⁱ⁾	—	—	339,329,740	56.36
Yap Shee Liam	648,000	—	—	350,000	998,000	0.17
Walujo Santoso, Wally	1,680,400	—	—	—	1,680,400	0.28
Chung Pui Lam	894,800	—	—	—	894,800	0.15
Chan Kwok Wai	—	—	—	—	—	—
Lo Wai Tung Welman	—	—	—	—	—	—

Notes:

- (i) Among these 446,392,255 shares, 107,612,515 shares were held by Port Lucky, 78,548,387 shares were held by Ambleside Glory and 260,231,353 shares were held by NLI. Port Lucky is 100% owned by SEA Fortune, which in turn is 100% owned by NYH. NYH is 100% owned by Mr. Lu Wing Chi, Jesse. Ambleside Glory is 100% owned by NLI, which in turn is owned by Mr. Lu Wing Chi, Jesse and Mr. Lambert Lu as to 60% and 40% respectively (as disclosed in the section of "Long positions in shares of associated corporation" as stated on page 22). By virtue of Mr. Lu Wing Chi, Jesse's interests in NLI, Port Lucky and Ambleside Glory, he is deemed to be interested in these shares.
- (ii) As disclosed in Note (i) above, among these 338,779,740 shares, 78,548,387 shares were held by Ambleside Glory and 260,231,353 shares were held by NLI. Ambleside Glory is 100% owned by NLI, which in turn is owned by Mr. Lu Wing Chi, Jesse and Mr. Lambert Lu as to 60% and 40% respectively. By virtue of Mr. Lambert Lu's interests in NLI and Ambleside Glory, he is also deemed to be interested in these shares.
- (iii) The total number of issued shares of the Company as at 30 June 2023 was 602,122,726 shares.

CORPORATE GOVERNANCE AND OTHER INFORMATION

2. Long positions in shares of associated corporation

Name of associated corporation	Name of Directors	Number of ordinary shares held			Total interests	Approximate % of interest in the issued share capital
		Personal interests (held as beneficial owner)	Corporate interests (held by controlled corporation)	Family interests (interests of spouse)		
NLI	Lu Wing Chi, Jesse	93,876	—	—	93,876	60.00
	Lambert Lu	62,584	—	—	62,584	40.00

Saved as disclosed herein, as at 30 June 2023, none of the Directors had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2023, so far as is known to the Directors, the following substantial Shareholders and other persons (other than Directors) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in shares of the Company

Name of Shareholders	Number of ordinary shares		Total interests	Approximate % of interest in the issued share capital
	Held as beneficial owner	Held by controlled corporations		
NLI	260,231,353	78,548,387 ⁽ⁱ⁾	338,779,740	56.26
Ambleside Glory	78,548,387	—	78,548,387	13.05
NYH	—	107,612,515 ⁽ⁱⁱ⁾	107,612,515	17.87
SEA Fortune	—	107,612,515 ⁽ⁱⁱ⁾	107,612,515	17.87
Port Lucky	107,612,515	—	107,612,515	17.87

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (i) NLI holds 100% of the issued share capital of Ambleside Glory. The above 78,548,387 shares held by Ambleside Glory are also deemed to be interest of NLI and such shares are, therefore, duplicated between these shareholders for the purpose of the SFO.
- (ii) NYH holds 100% of the issued share capital of SEA Fortune, which in turn holds 100% of the issued share capital of Port Lucky. The above 107,612,515 shares held by Port Lucky are also deemed to be interest of SEA Fortune and NYH and such shares are, therefore, duplicated between these shareholders for the purpose of the SFO.
- (iii) Messrs Lu Wing Chi, Jesse and Lambert Lu, both being Directors, are also directors of NLI, Ambleside Glory, NYH, SEA Fortune and Port Lucky.
- (iv) The total number of issued shares of the Company as at 30 June 2023 was 602,122,726 shares.

Saved as disclosed herein, as at 30 June 2023, none of the substantial Shareholders and other persons (other than Directors) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Share Option Scheme

The Company adopted the share option scheme on 29 May 2015. Details of the share option scheme are set out in the published annual report of the Company for the year ended 31 December 2022.

The following table shows the movements in share options under the share option scheme during the six months ended 30 June 2023 and the options outstanding at the beginning and end of the period:

Grantees	Date of grant	Exercise price per share (HK\$)	Exercise period	Number of underlying shares comprised in share options		
				As at 01.01.2023	Lapsed during the period	As at 30.06.2023
Eligible employees in aggregate	22.01.2018	12.800	01.01.2021 to 31.12.2022	500,000	(500,000)	—
			01.07.2021 to 30.06.2023	850,000	—	850,000
Total				1,350,000	(500,000)	850,000

Notes:

- (i) The vesting period of the share options granted is from the date of grant until the commencement of the exercisable period.
- (ii) No share options had been granted, exercised or cancelled under the share option scheme during the six months ended 30 June 2023.
- (iii) As at 1 January 2023 and 30 June 2023, 57,881,772 share options were available for grant under the share option scheme.
- (iv) During the six months ended 30 June 2023, no share options had been granted under the share option scheme. Accordingly, there were no shares of the Company that might be issued in respect of the share options granted under the share option scheme during the said period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Share Award Scheme

The share award scheme was approved by the Shareholders on 27 May 2010. Details of the share award scheme are set out in the published annual report of the Company for the year ended 31 December 2022.

A total of 27,460,000 shares were granted without vesting period under the share award scheme since its adoption. No award had been granted, vested, cancelled or lapsed by the Company under the share award scheme during the six months ended 30 June 2023.

As at 1 January 2023 and 30 June 2023, 39,917,365 awarded shares were available for grant under the share award scheme.

Financial Assistance to Affiliated Companies

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of those affiliated companies with financial assistance from the Group and the Group's attributable interests in those affiliated companies as at 30 June 2023 are presented as follows:

	Combined statement of financial position HK\$ million	Group's attributable interests HK\$ million
Non-current assets	1,284	635
Current assets	21,285	3,088
Current liabilities	(5,795)	(840)
Total assets less current liabilities	16,774	2,883
Non-current liabilities		
— Bank borrowings	(2,550)	(536)
	14,224	2,347
Total equity (including capital contribution in form of loan to the affiliated company)	14,224	2,347

The combined statement of financial position of the affiliated companies was prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 30 June 2023.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Update of Directors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in the directors' information since the disclosure made in the Company's 2022 annual report up to 25 August 2023 (being the date of approval of this report) is set out below:

Mr. Chan Kwok Wai resigned as the executive director and co-chief executive of South Asia Textiles (Holdings) Limited in May 2023.

Closure of Register of Members

The register of members of the Company will be closed from Friday, 22 September 2023 to Tuesday, 26 September 2023 (both days inclusive) during this period no transfer of shares will be registered.

In order to qualify for the interim dividend, all duly completed and stamped transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Branch Share Registrar in Hong Kong, Tricor Standard Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 21 September 2023.

Review of Condensed Consolidated Financial Statements

The condensed consolidated financial statements of the Group for the six months ended 30 June 2023 have not been audited but have been reviewed by the Audit Committee and by Deloitte in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

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TO THE BOARD OF DIRECTORS OF S E A HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of S E A Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 62, which comprise the condensed consolidated statement of financial position as of 30 June 2023 and the condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

25 August 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	NOTES	Six months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	4		
— Renting of investment properties		96,453	101,240
— Hotel operation		91,967	64,053
— Return from financial investment			
— Interest income and others		7,955	24,205
Total revenue		196,375	189,498
Other income	5	12,061	3,266
Costs:			
Property and related costs	6	(1,912)	(2,012)
Staff costs		(50,659)	(44,207)
Depreciation and amortisation		(20,820)	(21,373)
Other expenses	7	(46,758)	(46,561)
		(120,149)	(114,153)
Profit before fair value changes on investment properties, impairment loss and other gains and losses		88,287	78,611
Fair value changes on investment properties		(185,713)	104
(Loss) profit after fair value changes on investment properties		(97,426)	78,715
Other gains and losses	8	35,224	68,798
Share of results of joint ventures		10,087	(4,887)
Impairment loss recognised on debt instruments at fair value through other comprehensive income ("FVTOCI")	20	(208,151)	(93,143)
Finance costs	9	(173,566)	(105,588)
Loss before taxation	10	(433,832)	(56,105)
Income tax expense	11	(3,024)	(9,157)
Loss for the period		(436,856)	(65,262)
Loss for the period attributable to the Company's shareholders		(436,856)	(65,262)
		HK cents (unaudited)	HK cents (unaudited)
Basic and diluted loss per share attributable to the Company's shareholders	13	(72.6)	(10.8)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	NOTE	Six months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Loss for the period		(436,856)	(65,262)
Other comprehensive (expense) income:			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Fair value loss on equity instruments at FVTOCI		(12,104)	(70,246)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value loss on debt instruments at FVTOCI		(33,665)	(242,211)
Impairment loss recognised on debt instruments at FVTOCI	20	208,151	93,143
Reclassification to profit or loss upon disposal/derecognition of debt instruments at FVTOCI		26,398	(10,631)
Exchange differences arising on translation of foreign operations		70,516	(157,249)
Share of other comprehensive income (expense) of a joint venture		4,592	(1,230)
Other comprehensive income (expense) for the period		263,888	(388,424)
Total comprehensive expense for the period attributable to the Company's shareholders		(172,968)	(453,686)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	NOTES	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Non-current assets			
Investment properties	14	6,987,041	6,958,517
Property, plant and equipment	15	583,663	595,662
Investments in joint ventures	16	621,995	883,374
Equity instruments at FVTOCI	17	97,438	109,236
Debt instruments at FVTOCI	18	68,981	73,820
Financial assets at fair value through profit or loss ("FVTPL")	19	59,646	57,234
Pledged bank deposits		209,052	105,979
Other assets		5,704	6,719
		8,633,520	8,790,541
Current assets			
Inventories		1,820	1,587
Loans to joint ventures	16	1,800,000	1,000,000
Debt instruments at FVTOCI	18	107,582	135,854
Trade and other receivables, deposits and prepayments	21	158,922	150,942
Tax recoverable		6	6
Cash and cash equivalents		2,308,134	2,457,179
		4,376,464	3,745,568
Assets classified as held for sale	22	—	1,249,948
		4,376,464	4,995,516
Current liabilities			
Payables, rental deposits and accrued charges	23	117,173	189,943
Tax liabilities		14,882	14,145
Lease liabilities		12,208	11,925
Guaranteed notes		—	1,105,767
Bank borrowings — due within one year	24	2,220,270	539,927
		2,364,533	1,861,707
Liabilities associated with assets classified as held for sale	22	—	466,656
		2,364,533	2,328,363
Net current assets		2,011,931	2,667,153
Total assets less current liabilities		10,645,451	11,457,694

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	NOTES	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Capital and reserves			
Share capital	25	60,212	60,212
Reserves		4,436,484	4,627,516
Total equity		4,496,696	4,687,728
Non-current liabilities			
Payables, rental deposits and accrued charges	23	70,516	71,488
Lease liabilities		173,167	171,065
Bank borrowings — due after one year	24	5,893,390	6,519,231
Deferred taxation	26	11,682	8,182
		6,148,755	6,769,966
Total equity and non-current liabilities		10,645,451	11,457,694

The condensed consolidated financial statements on pages 27 to 62 were approved and authorised for issue by the Board of Directors on 25 August 2023 and signed on its behalf by:

LU WING CHI, JESSE
 CHAIRMAN
 AND EXECUTIVE DIRECTOR

LAMBERT LU
 EXECUTIVE DIRECTOR
 AND CHIEF EXECUTIVE

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to the Company's shareholders								
	Share capital HK\$'000	Contributed surplus HK\$'000 (Note i)	Translation reserve HK\$'000	Capital redemption reserve HK\$'000	Share option reserve HK\$'000	Investment revaluation reserve HK\$'000	Other reserves HK\$'000 (Note ii)	Retained profits HK\$'000	Total HK\$'000
At 1 January 2022 (audited)	60,212	277,707	91,434	4,451	1,403	(473,338)	20,159	5,473,717	5,455,745
Loss for the period	—	—	—	—	—	—	—	(65,262)	(65,262)
Exchange differences arising on translation of foreign operations	—	—	(157,249)	—	—	—	—	—	(157,249)
Fair value loss on debt instruments at FVTOCI	—	—	—	—	—	(242,211)	—	—	(242,211)
Fair value loss on equity instruments at FVTOCI	—	—	—	—	—	(70,246)	—	—	(70,246)
Reclassification to profit or loss upon disposal of debt instruments at FVTOCI	—	—	—	—	—	(10,631)	—	—	(10,631)
Share of other comprehensive expense of a joint venture	—	—	—	—	—	(1,230)	—	—	(1,230)
Impairment loss recognised on debt instruments at FVTOCI	—	—	—	—	—	93,143	—	—	93,143
Other comprehensive expense for the period	—	—	(157,249)	—	—	(231,175)	—	—	(388,424)
Total comprehensive expense for the period	—	—	(157,249)	—	—	(231,175)	—	(65,262)	(453,686)
Lapse of share options	—	—	—	—	(547)	—	—	547	—
Dividends paid (note 12)	—	—	—	—	—	—	—	(18,064)	(18,064)
At 30 June 2022 (unaudited)	60,212	277,707	(65,815)	4,451	856	(704,513)	20,159	5,390,938	4,983,995
Loss for the period	—	—	—	—	—	—	—	(318,397)	(318,397)
Exchange differences arising on translation of foreign operations	—	—	(14,373)	—	—	—	—	—	(14,373)
Fair value gain on debt instruments at FVTOCI	—	—	—	—	—	16,998	—	—	16,998
Fair value loss on equity instruments at FVTOCI	—	—	—	—	—	(46,608)	—	—	(46,608)
Reclassification to profit or loss upon disposal/derecognition of debt instruments at FVTOCI	—	—	—	—	—	20,260	—	—	20,260
Share of other comprehensive expense of a joint venture	—	—	—	—	—	(1,401)	—	—	(1,401)
Impairment loss recognised on debt instruments at FVTOCI	—	—	—	—	—	59,296	—	—	59,296
Other comprehensive (expense) income for the period	—	—	(14,373)	—	—	48,545	—	—	34,172
Total comprehensive (expense) income for the period	—	—	(14,373)	—	—	48,545	—	(318,397)	(284,225)
Release of reserve upon liquidation of a subsidiary	—	—	—	—	—	—	7,610	(7,610)	—
Reclassification upon disposal of equity instruments at FVTOCI	—	—	—	—	—	12,981	—	(12,981)	—
Lapse of share options	—	—	—	—	(104)	—	—	104	—
Dividends paid (note 12)	—	—	—	—	—	—	—	(12,042)	(12,042)
At 31 December 2022 (audited)	60,212	277,707	(80,188)	4,451	752	(642,987)	27,769	5,040,012	4,687,728

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to the Company's shareholders								Total HK\$'000
	Share capital HK\$'000	Contributed surplus HK\$'000 (Note i)	Translation reserve HK\$'000	Capital redemption reserve HK\$'000	Share option reserve HK\$'000	Investment revaluation reserve HK\$'000	Other reserves HK\$'000 (Note ii)	Retained profits HK\$'000	
Loss for the period	—	—	—	—	—	—	—	(436,856)	(436,856)
Exchange differences arising on translation of foreign operations	—	—	70,516	—	—	—	—	—	70,516
Fair value loss on debt instruments at FVTOCI	—	—	—	—	—	(33,665)	—	—	(33,665)
Fair value loss on equity instruments at FVTOCI	—	—	—	—	—	(12,104)	—	—	(12,104)
Reclassification to profit or loss upon disposal/ derecognition of debt instruments at FVTOCI	—	—	—	—	—	26,398	—	—	26,398
Share of other comprehensive income of a joint venture	—	—	—	—	—	4,592	—	—	4,592
Impairment loss recognised on debt instruments at FVTOCI	—	—	—	—	—	208,151	—	—	208,151
Other comprehensive income for the period	—	—	70,516	—	—	193,372	—	—	263,888
Total comprehensive income (expense) for the period	—	—	70,516	—	—	193,372	—	(436,856)	(172,968)
Lapse of share options	—	—	—	—	(279)	—	—	279	—
Dividends paid (note 12)	—	—	—	—	—	—	—	(18,064)	(18,064)
At 30 June 2023 (unaudited)	60,212	277,707	(9,672)	4,451	473	(449,615)	27,769	4,585,371	4,496,696

Notes:

- (i) Contributed surplus represents the excess of the nominal value of the shares of the acquired subsidiaries over the nominal value of the Company's shares issued for the acquisition pursuant to the Group reorganisation in previous years.
- (ii) Other reserves represent mainly the excess of the consideration paid for acquisition of additional interest in subsidiaries from non-controlling interests over the carrying amount of the non-controlling interests.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
NOTE	(unaudited)	(unaudited)
Net cash from operating activities	94,397	118,010
Investing activities		
Interest received from bank deposits	4,155	503
Release of pledged bank deposits	35,516	1,122
Placement of pledged bank deposits	(137,386)	(2,000)
Disposal/redemption of debt instruments at FVTOCI	784	695,697
Purchase of property, plant and equipment	(8,811)	(1,580)
Additions to investment properties	(2,981)	(1,190,896)
Proceeds from disposal of subsidiaries	341,472	408,170
Proceeds from disposal of club memberships	4,231	—
Purchase of financial assets at FVTPL	(2,180)	(2,017)
Advances to joint ventures in form of loan	(73,591)	(57,953)
Net cash from (used in) investing activities	161,209	(148,954)
Financing activities		
Drawdown of bank borrowings	943,500	1,003,270
Repayment of bank borrowings	(25,500)	(1,014,268)
Repayment of lease liabilities	(6,017)	(6,521)
Repayment of guaranteed notes	(1,105,870)	(7,770)
Payment of bank borrowings front-end fee	(5,500)	(26,127)
Interest paid	(191,126)	(93,814)
Dividends paid	(18,064)	(18,053)
Net cash used in financing activities	(408,577)	(163,283)
Net decrease in cash and cash equivalents	(152,971)	(194,227)
Cash and cash equivalents at beginning of period	2,457,973	2,688,283
Effect of foreign exchange rate changes	3,132	(1,712)
Cash and cash equivalents at end of period	2,308,134	2,492,344
Represented by:		
Cash and cash equivalents	2,308,134	2,492,344

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with HKAS 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2022.

Application of new and amendments to Hong Kong Financial Reporting Standards

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Except as described below, the application of other new and amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Application of new and amendments to Hong Kong Financial Reporting Standards *(continued)*

2.1 Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements.

2.2 Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

In addition, the Group will apply Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the Group’s consolidated financial statements for the year ending 31 December 2023.

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements but is expected to affect the disclosures of the Group’s accounting policies in the Group’s annual consolidated financial statements for the year ending 31 December 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

3. SEGMENT INFORMATION

Information reported to the Executive Directors, being the chief operating decision makers ("CODM"), for the purposes of resource allocation and assessment of segment performance is mainly focused on the property development, property investment, hotel operation and financial investment.

The property investment segment includes a number of various property locations. Each location is considered as a separate operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated into a single reportable segment as property investment provides the same nature of income with the same recognition criteria.

The financial investment segment includes interest income from time deposits and investment income from listed investments.

It is the Group's strategy to make financial investment, particularly fixed income debt securities, from time to time in order to generate stable financial investment income for the Group.

Segment revenues and results

The following is an analysis of the Group's revenue and results from operating and reportable segments:

For the six months ended 30 June 2023 (unaudited)

	Property development HK\$'000	Property investment HK\$'000	Hotel operation HK\$'000	Financial investment HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE					
External revenue	—	96,453	91,967	7,955	196,375
SEGMENT RESULTS					
Segment profit (loss)	66,295	(93,493)	17,445	(222,924)	(232,677)
Unallocated interest income					4,155
Corporate expenses					(31,743)
Share of result of a joint venture					(1)
Finance costs					(173,566)
Loss before taxation					(433,832)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

3. SEGMENT INFORMATION *(continued)*

Segment revenues and results *(continued)*

For the six months ended 30 June 2022 (unaudited)

	Property development HK\$'000	Property investment HK\$'000	Hotel operation HK\$'000	Financial investment HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE					
External revenue	—	101,240	64,053	24,205	189,498
SEGMENT RESULTS					
Segment profit (loss)	45,917	85,196	4,877	(58,702)	77,288
Unallocated interest income					503
Corporate expenses					(25,849)
Share of result of a joint venture					(2,459)
Finance costs					(105,588)
Loss before taxation					(56,105)

Segment (loss) profit of the property investment division for the six months ended 30 June 2023 included a decrease in fair value of investment properties of HK\$185,713,000 (for the six months ended 30 June 2022: an increase in fair value of investment properties of HK\$104,000).

Segment profit of the property development division for the six months ended 30 June 2023 included an amortisation of discount on acquisition of additional investment in joint ventures of HK\$57,095,000 (for the six months ended 30 June 2022: HK\$49,674,000).

The accounting policies for operating segments are the same as the Group's accounting policies.

The Group does not allocate interest income generated from bank deposits, corporate expenses, share of result of a joint venture and finance costs to individual reportable segment profit or loss for the purposes of resource allocation and performance assessment by the CODM.

No segment assets and liabilities are presented as the information is not reportable to the CODM in the resource allocation and assessment of performance.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

4. REVENUE

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Renting of investment properties (note i)	96,453	101,240
Hotel operation (note ii)	91,967	64,053
Return from financial investment — Interest income and others (note iii)	7,955	24,205
	196,375	189,498

Notes:

- i. Included in revenue generated from renting of investment properties, HK\$96,453,000 (for the six months ended 30 June 2022: HK\$101,240,000) is rental income from leasing of investment properties under operating leases in which the lease payments are fixed. No rental income from leasing of investment properties under operating leases in which the lease payments depend on an index or a certain rate is generated for both periods.
- ii. For the six months ended 30 June 2023, revenue from hotel operation, which arose from contracts with customers comprises of (i) hotel room revenue of HK\$73,318,000 (for the six months ended 30 June 2022: HK\$42,404,000) being recognised over time and based on output method; (ii) food and beverage sales of HK\$13,405,000 (for the six months ended 30 June 2022: HK\$17,584,000) and ancillary service of HK\$1,818,000 (for the six months ended 30 June 2022: HK\$851,000) being recognised at point in time. The remaining revenue of HK\$3,426,000 (for the six months ended 30 June 2022: HK\$3,214,000) is rental income from leasing of hotel's retail portion under operating lease.
- iii. Interest income and others includes interest income from listed debt securities and time deposits of HK\$7,688,000 (for the six months ended 30 June 2022: HK\$21,242,000) and dividend income from listed equity securities of HK\$267,000 (for the six months ended 30 June 2022: HK\$2,963,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

5. OTHER INCOME

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income from bank deposits	4,155	503
Management fee income	5,278	—
Government grants	1,704	1,743
Others	924	1,020
	12,061	3,266

For the six months ended 30 June 2023, the Group recognised Government grants of HK\$1,704,000 (for the six months ended 30 June 2022: HK\$1,743,000) from Employment Support Scheme, Club-house Subsidy Scheme, Catering Business Subsidy Scheme, Designated Quarantine Hotel Scheme and Hotel Sector Support Scheme under Anti-Epidemic Fund of the Government.

6. PROPERTY AND RELATED COSTS

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Selling and marketing expenses	216	255
Direct operating expenses on investment properties	1,696	1,757
	1,912	2,012

7. OTHER EXPENSES

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Included in other expenses are:		
Hotel operating expenses	29,471	19,703
Legal and professional fees	3,775	16,846

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

8. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net exchange gains	654	8,433
(Loss) gain on derecognition/disposal of debt instruments at FVTOCI	(26,398)	10,631
Gain on early redemption of guaranteed notes	—	60
Gain on disposal of club memberships	3,226	—
Amortisation of discount on acquisition of additional investments in joint ventures (note 16)	57,095	49,674
Others	647	—
	35,224	68,798

9. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank borrowings:		
Interest on bank borrowings	154,777	58,278
Amortisation of bank borrowings front-end fee	8,717	10,948
	163,494	69,226
Guaranteed notes:		
Interest on guaranteed notes	2,710	27,820
Amortisation of guaranteed notes issue costs	103	763
	2,813	28,583
Lease liabilities:		
Interest on lease liabilities	2,744	2,729
Other charges	4,515	5,050
	173,566	105,588

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

10. LOSS BEFORE TAXATION

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Loss before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment (including depreciation of leased properties of HK\$4,892,000 (2022: HK\$5,367,000))	20,810	21,343
Amortisation of club memberships	10	30

11. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Current tax:		
The United Kingdom	—	7,076
Others	19	—
	19	7,076
Deferred tax:		
Current year	3,005	2,081
	3,024	9,157

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

12. DIVIDENDS

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Dividends recognised as a distribution during the period:		
Final dividend for the year ended 31 December 2022 of HK3 cents per share (2022: final dividend for the year ended 31 December 2021 of HK3 cents per share)	18,064	18,064

Subsequent to the end of the current interim period, Directors have declared that an interim dividend of HK2 cents per share amounting to HK\$12,042,000 in aggregate (for the six months ended 30 June 2022: HK2 cents per share amounting to HK\$12,042,000 in aggregate) will be paid to Shareholders whose names appear on the register of members of the Company on 26 September 2023.

13. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the Company's shareholders is based on the following data:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the purpose of basic and diluted loss per share:		
Loss for the period attributable to the Company's shareholders	(436,856)	(65,262)

	Number of shares	
	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	602,122,726	602,122,726

As the Group incurred losses for the six months ended 30 June 2023 and 2022, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, dilutive loss per share for the six months ended 30 June 2023 and 2022 are the same as basic loss per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

14. INVESTMENT PROPERTIES

The Group leases out various offices and retail stores under operating leases with rental receivable monthly. The leases typically run for an initial period of 1 to 35 years. Some of the lease contracts contain market review clauses.

Details of the valuation methodologies are as follows:

Valuer	Fair value as at 30 June 2023 HK\$'000 (unaudited)	Class of properties	Valuation methodology	Fair value hierarchy	Unobservable key inputs to the valuation	Sensitivity analysis
Completed investment properties						
CBRE Limited* and Jones Lang LaSalle Limited**	2,286,000	Residential and commercial units in Hong Kong	The valuers have used the direct comparison approach and made reference to comparable sales evidence as available in the market adjusted by location, size, age and maintenance, etc.	Level 3	Hong Kong residential units' adjusting factors for nature, location and conditions of the properties ranging from 58.0% to 104.5% Hong Kong commercial units' adjusting factors for nature, location and conditions of the property ranging from 79.6% to 141.3%	A significant increase in the adjusting factors for location, size, age and maintenance of the properties used would result in a significant increase in fair value, and vice versa.
Knight Frank LLP ⁹ and Colliers International Valuation UK LLP*	4,023,441	Commercial building in the United Kingdom	The valuer has used the income capitalisation approach in which the valuations have reflected the current lease terms and capitalised the appropriate income stream, having regard to market comparable evidence.	Level 3	UK office capitalisation rates ranging from 3.97% to 4.99% per annum	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
Directors' estimation	6,600	Residential units in Hong Kong	Directors have used the direct comparison approach and made reference to comparable sales evidence as available in the market adjusted by location, size, age and maintenance, etc.	Level 3	Hong Kong residential units' adjusting factors for nature, location and conditions of the properties ranging from 91.5% to 107.0%	A significant increase in the adjusting factors for location, size, age and maintenance of the properties used would result in a significant increase in fair value, and vice versa.
Investment property under construction or development						
Colliers International (Hong Kong) Limited [†]	671,000	Development property units in Hong Kong	The valuer has used the direct comparison approach and residual valuation method.	Level 3	Market unit rate for gross development value assessment and estimated cost to completion	A significant increase in the market unit rate of gross development value would result in a significant increase in the fair value of the investment properties under construction or development and vice versa. A significant increase in the estimated cost to completion would result in a significant decrease in the fair value of the investment properties under construction or development and vice versa.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

14. INVESTMENT PROPERTIES *(continued)*

- * CBRE Limited is an independent professional valuer not connected to the Group and is a firm of registered valuers recognised by The Hong Kong Institute of Surveyors.
- ** Jones Lang LaSalle Limited is an independent professional valuer not connected to the Group and is a firm of registered valuers recognised by the Hong Kong Institute of Surveyors.
- ® Knight Frank LLP is an independent professional valuer not connected to the Group and is regulated by the Royal Institution of Chartered Surveyors.
- ^ Colliers International Valuation UK LLP is an independent professional valuer not connected to the Group and is regulated by the Royal Institution of Chartered Surveyors.
- # Colliers International (Hong Kong) Limited is an independent professional valuer not connected to the Group and is a firm of registered valuers recognised by The Hong Kong Institute of Surveyors.

In estimating the fair value of investment properties, the Group uses market-observable data to the extent it is available. In respect of the valuation of investment properties carried out by independent qualified professional valuers at the end of each reporting period, the valuers have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The management works closely with the independent qualified professional valuers to establish the appropriate valuation techniques and inputs to the model.

There has been no change from valuation technique used in the prior period/year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

There were no transfers into and out of Level 3 in the period presented.

During the current interim period, the Group derecognised a piece of land amounting to HK\$1,234,856,000 through disposal of 50% equity interests in Time Trade Global Limited, a wholly-owned subsidiary of the Group before the disposal, to an independent third party, Hon Kwok Land Investment Co., Ltd. ("Hon Kwok") to form a joint venture to jointly own and develop the land into luxury residence for sale. The piece of land, which was acquired during the year ended 31 December 2022, was situated at South Bay Road, Repulse Bay, Hong Kong and then reclassified as property under development for sale. Details of the disposal are disclosed in notes 16, 22 and 30.

During the current interim period, the Group paid approximately HK\$2,981,000 (for the six months ended 30 June 2022: HK\$2,714,000) for construction costs in relation to renovation projects for investment properties in Hong Kong.

During the current interim period, the Group leased its investment property to one of Directors for a term of one year. The rental income recognised during the period amounted to HK\$750,000 (for the six months ended 30 June 2022: HK\$750,000).

During the current interim period, included in fair value loss on investment properties of HK\$185,713,000 (for the six months ended 30 June 2022: fair value gain of HK\$104,000) is the fair value loss on investment properties located in the United Kingdom of HK\$186,282,000 (for the six months ended 30 June 2022: HK\$ nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

15. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group paid HK\$8,811,000 (for the six months ended 30 June 2022: HK\$1,580,000) for additions of property, plant and equipment.

16. INVESTMENTS IN JOINT VENTURES/LOANS TO JOINT VENTURES

During the six months ended 30 June 2023, amortisation of discount on acquisition of additional investments in joint ventures of HK\$57,095,000 (for the six months ended 30 June 2022: HK\$49,674,000) has been recognised in the profit or loss.

During the six months ended 30 June 2023, the Group completed the disposal of 50% of its equity interest in Time Trade Global Limited and its subsidiary ("Time Trade") pursuant to the memorandum of agreement entered on 23 December 2022. Time Trade owns the land situated at South Bay Road, Repulse Bay, Hong Kong. Upon completion, Time Trade is accounted for as a joint venture as the strategic financial and operating decisions required the unanimous consent of both joint venture partners in accordance with the memorandum of agreement. Details of the disposal are disclosed in note 30.

As at 30 June 2023, the Group has executed the corporate financial guarantees in proportion of its equity interests in a joint venture for the banking facilities granted to the joint venture company and its wholly owned subsidiary, Sky Asia Properties Limited. The total amount of such facilities attributable to the Group was HK\$330,136,000 (31 December 2022: HK\$642,923,000), of which HK\$301,995,000 (31 December 2022: HK\$543,275,000) was utilised by the joint ventures and HK\$28,141,000 (31 December 2022: HK\$99,648,000) was unutilised. Subsequent to the reporting period, the corporate financial guarantees have been released.

As at 30 June 2023 and 31 December 2022, the Group did not recognise any liabilities in respect of such corporate financial guarantees as Directors consider that the fair value of this financial guarantee contracts at their initial recognition and at the end of the reporting period is insignificant.

The loans to joint ventures are unsecured and interest-free (31 December 2022: interest bearing at floating rate ranging from 0.0% to 0.6%) and has no fixed terms of repayment. Included in the loans to joint ventures is an amount of HK\$1,800,000,000 (31 December 2022: HK\$1,000,000,000) which is expected to be recovered within one year from the end of the reporting period. The remaining loans to joint ventures included in interests in joint ventures of HK\$622,355,000 (31 December 2022: HK\$898,403,000) is not expected to be recovered within one year from the end of the reporting period. In the opinion of Directors, the loans are considered as part of the Group's net investment in the joint ventures.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

17. EQUITY INSTRUMENTS AT FVTOCI

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Equity securities listed in Hong Kong, United States and Singapore	97,438	109,236

The above listed equity investments represent ordinary shares of entities listed in Hong Kong and United States and perpetual securities listed in Hong Kong and Singapore. These investments are not held for trading. Instead, they are held for long-term strategic purposes. Directors have elected to designate these investments in equity instruments at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Details of the fair value measurement are disclosed in note 29.

18. DEBT INSTRUMENTS AT FVTOCI

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Listed debt securities (note)	176,563	209,674
Analysed for reporting purposes as:		
Current assets	107,582	135,854
Non-current assets	68,981	73,820
	176,563	209,674

Note: The listed debt securities include the securities which was overdue or maturing between July 2023 to January 2031 (31 December 2022: was overdue or maturing between July 2023 to July 2028). The interest of those securities are fixed ranging from 0.0% to 12.0% (31 December 2022: 3.8% to 12.0%) per annum.

During the six months ended 30 June 2023, interest income generated from listed debt securities was HK\$2,741,000 (for the six months ended 30 June 2022: HK\$18,057,000) and fair value loss was HK\$33,665,000 (for the six months ended 30 June 2022: HK\$242,211,000), which were recognised in profit or loss and other comprehensive income respectively.

During the six months ended 30 June 2023, the Group disposed of/redeemed listed debt securities in an aggregate principal amount of US\$100,000 (equivalent to approximately HK\$784,000) (for the six months ended 30 June 2022: US\$89,800,000 (equivalent to approximately HK\$704,732,000)) in open market at a total consideration of HK\$784,000 (for the six months ended 30 June 2022: HK\$695,697,000), exclusive of transaction cost.

Details of fair value measurement are disclosed in note 29 and impairment assessment are disclosed in note 20.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

19. FINANCIAL ASSETS AT FVTPL

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Unlisted investments		
— Preferred shares (note)	7,836	7,804
— Unit fund	51,810	49,430
	59,646	57,234
Analysed for reporting purposes as:		
Non-current assets	59,646	57,234

Note: The unlisted investments in preferred shares do not meet the requirement of equity instruments based on the terms and conditions of the shares. In addition, it does not represent solely payment for principal and interest of the principal amount outstanding, and it is therefore, measured at fair value through profit or loss.

Details of fair value measurement are disclosed in note 29.

20. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSS MODEL

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Impairment loss recognised on debt instruments at FVTOCI	208,151	93,143

In light of the current liquidity issue of PRC property developers, the management of the Group remains vigilant and continues to monitor closely the market situation, in particular to the credit ratings and market news of respective issuers, in reflecting a robust and timely expected credit loss ("ECL") assessment.

The Group had engaged an independent professional valuer to perform ECL assessment on the debt instruments.

The basis of determining the inputs and assumptions of the estimation and techniques used in the ECL assessment for the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

The table below details the credit risk exposures of the Group's debt instruments at FVTOCI which are subject to ECL assessment:

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

20. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSS MODEL *(continued)*

	External credit rating	Internal credit rating	12m ECL or lifetime ECL	Gross carrying amount	
				30.6.2023 HK\$'000	31.12.2022 HK\$'000
Debt instruments at FVTOCI					
Listed debt instruments	Ba3 to Unrated (31.12.2022: Ca to Unrated)	N/A	12m ECL (note i)	65,878	63,075
	N/A (31.12.2022: Caa2 to Unrated)	N/A	Lifetime ECL (not credit-impaired) (note ii)	—	20,727
	Caa3 to Withdrawn rating (31.12.2022: Unrated to Withdrawn rating)	N/A	Lifetime ECL (credit-impaired) (note iii)	88,606	118,356
	Withdrawn rating (31.12.2022: Withdrawn rating)	N/A	Purchased or originated credit-impaired ("POCI") (note iv)	22,079	7,516

Notes:

- (i) These debt instruments are classified as investment grade in the market. There is no significant increase in credit risk based on management's assessment.
- (ii) Based on management's assessment of the market situation, there is a significant increase in credit risk with reference to the recent liquidity issue in the PRC property development market, rating actions taken by external credit rating agencies and adverse change in the operating results of the issuers. All the listed debt instruments with significant increase in credit risk were issued by PRC property developers.
- (iii) In view of the existence of objective evidence, such as default in repayment and significant financial difficulty of the issuers, the debt instruments were determined to be credit-impaired. All the credit-impaired listed debt instruments were issued by PRC property developers.

For debt instruments with credit ratings being withdrawn, the Group has made reference to the implied effective interest rate and credit spread to arrive at the rating as speculative grade.

- (vi) The Group had derecognised certain listed debt instruments issued by PRC property developers due to change of contractual terms under the debt restructuring plan resulting in a substantial modification. The modified listed debt securities were classified at initial recognition as POCI. These bonds originated at a deep discount reflects incurred credit losses. An effective interest rate based on the contractual cash flows net of expected credit losses is used.

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For the six months ended 30 June 2023

20. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSS MODEL *(continued)*

The following tables show reconciliation of impairment loss that has been recognised for debt instruments at FVTOCI:

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 January 2022 (audited)	11,067	20,461	679,523	711,051
Transfer to lifetime ECL (credit-impaired)	—	(16,686)	16,686	—
Impairment loss (reversed) recognised	(10,748)	11,949	91,942	93,143
Exchange adjustments	3	184	6,713	6,900
As at 30 June 2022 (unaudited)	322	15,908	794,864	811,094
Transfer to lifetime ECL (credit-impaired)	—	119	(119)	—
Impairment loss (reversed) recognised (other than those due to derecognition)	(120)	1,360	58,056	59,296
Derecognition	—	—	(25,162)	(25,162)
Exchange adjustments	1	(85)	(4,454)	(4,538)
As at 31 December 2022 (audited)	203	17,302	823,185	840,690
Transfer to lifetime ECL (credit-impaired)	—	(17,387)	17,387	—
Impairment loss (reversed) recognised (other than those due to derecognition)	(150)	—	208,301	208,151
Derecognition	—	—	(78,012)	(78,012)
Exchange adjustments	1	85	2,969	3,055
As at 30 June 2023 (unaudited)	54	—	973,830	973,884

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20. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSS MODEL *(continued)*

	Notes	Six months ended 30 June 2023		
		(Decrease) increase in 12m ECL HK\$'000 (unaudited)	(Decrease) increase in lifetime ECL (not credit-impaired) HK\$'000 (unaudited)	Increase (decrease) in lifetime ECL (credit-impaired) HK\$'000 (unaudited)
Change in probability of default and loss given default for the debt instruments at FVTOCI with gross carrying amount of HK\$65,878,000	(i)	(150)	—	—
Default and transfer to credit-impaired for the debt instruments at FVTOCI with gross carrying amount of HK\$12,955,000	(ii)	—	(17,387)	17,387
Change in probability of default and loss given default for the debt instruments at FVTOCI with gross carrying amount of HK\$110,685,000	(iv)	—	—	208,301
Derecognition of debt instruments at FVTOCI with gross carrying amount of HK\$101,067,000 under substantial modification	(v)	—	—	(78,012)

	Notes	Six months ended 30 June 2022		
		(Decrease) increase in 12m ECL HK\$'000 (unaudited)	(Decrease) increase in lifetime ECL (not credit-impaired) HK\$'000 (unaudited)	Increase (decrease) in lifetime ECL (credit-impaired) HK\$'000 (unaudited)
Change in probability of default and loss given default for the debt instruments at FVTOCI with gross carrying amount of HK\$206,678,000	(i)	(10,748)	—	—
Default and transfer to credit-impaired for the debt instruments at FVTOCI with gross carrying amount of HK\$30,873,000	(ii)	—	(16,686)	16,686
Change in probability of default and loss given default for the debt instruments at FVTOCI with gross carrying amount of HK\$34,255,000	(iii)	—	11,949	—
Change in probability of default and loss given default for the debt instruments at FVTOCI with gross carrying amount of HK\$122,241,000	(iv)	—	—	91,942

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

20. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSS MODEL *(continued)*

The Group has established an expected credit losses calculation methodology that is based on the probability of default assigned to each issuer according to their external credit ratings, financial performance and financial positions and the related historical credit losses experience, adjusted for forward-looking information, including the economic environment that the issuers operated in, such as forecast property market development, forecast changes in default rate of the respective credit rating published by external credit rating agencies, etc.

Notes:

- (i) Given the change in probability of default and loss given default in case of default on respective credit rating published by external credit rating agencies, accumulated impairment loss of HK\$54,000 (31 December 2022: HK\$203,000) has been recorded in respect of the debt instruments at FVTOCI with gross carrying amount of HK\$65,878,000 (31 December 2022: HK\$63,075,000) based on 12m ECL, of which impairment loss of HK\$150,000 (for the six months ended 30 June 2022: HK\$10,748,000) has been reversed in profit or loss during the period.
- (ii) By considering the deteriorating credit ratings issued by external credit rating agencies against the issuers which included in the Group's portfolio and its past due events during current interim period, the Group has reclassified the relevant listed debt instruments with gross carrying amount of HK\$12,955,000 (31 December 2022: HK\$27,130,000) as credit-impaired from lifetime ECL (not credit-impaired). Impairment loss of HK\$17,387,000 (for the six months ended 30 June 2022: HK\$16,686,000) has been transferred from lifetime ECL (not credit-impaired) to lifetime ECL (credit-impaired).
- (iii) With respect to the rating actions taken by external credit rating agencies against the issuers which included in the Group's portfolio and its deteriorating credit ratings as well as its weakening liquidity position, the Group has recognised an impairment loss of HK\$11,949,000 in profit or loss for the six months ended 30 June 2022.
- (iv) By considering the deteriorating credit ratings issued by external credit rating agencies against the issuers which are included in the Group's portfolio and its past due events during current interim period, the Group has classified the relevant listed debt instruments with gross carrying amount of HK\$110,685,000 (31 December 2022: HK\$125,872,000) as credit-impaired. Accumulated impairment loss of HK\$973,830,000 (31 December 2022: HK\$823,185,000) has been recorded in respect of these listed debt instruments, of which impairment loss of HK\$208,301,000 (for the six months ended 30 June 2022: HK\$91,942,000) has been recognised in profit or loss during the period.
- (v) During the period ended 30 June 2023, the Group had derecognised certain listed debt instruments issued by PRC property developers with gross carrying amount of HK\$101,067,000 (31 December 2022: HK\$31,366,000) due to change of contractual terms under the debt restructuring plan resulting in a substantial modification and initial recognition of new listed debt securities at fair value. Accumulated impairment loss of HK\$78,012,000 (31 December 2022: HK\$25,162,000) has been derecognised in respect of these listed debt instruments during the current interim period. The modified listed debt securities were newly recognised as POCI. The total amount of undiscounted ECL at initial recognition on POCI listed debt securities initially recognised during the current interim period was HK\$22,432,000 (for the six months ended 30 June 2022: HK\$nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

21. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Trade receivables (note i)	3,507	869
Accrued income	428	—
Deposit paid for acquisition of properties (note ii)	127,508	127,508
Deposits, prepayments and other receivables	27,479	22,565
	158,922	150,942

Notes:

- (i) Trade receivables from corporate customers and travel agents for the use of hotel facilities as well as the tenants for leasing of investment properties.
- (ii) The amounts represented a refundable stamp duty of HK\$127,508,000 in relation to the acquisition of a property at Jardine's Lookout, Hong Kong.

The Group allows an average credit period of 0 to 30 days to its corporate customers and travel agents in hotel operation as well as tenants for leasing of investment properties.

The following is an aged analysis of trade receivables presented based on the invoice date.

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
0 to 30 days	2,590	646
31 to 60 days	316	212
61 to 90 days	214	11
91 to 120 days	387	—
	3,507	869

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

22. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

On 23 December 2022, the Group entered into a binding memorandum of agreement to dispose of 50% of its equity interest in Time Trade that owns the land of Rural Building Lot No. 1203 located at South Bay Road, Repulse Bay, Hong Kong to Hon Kwok to form a joint venture for jointly own and develop the land. Pursuant to the memorandum of agreement, the strategic financial and operating decisions relating to relevant activities require the unanimous consent of both parties. With the disposal of 50% of Time Trade, the Group will account its remaining 50% shareholding in Time Trade as an investment in a joint venture. The transaction was completed on 20 January 2023. Details of disposal are disclosed in note 30.

As at 31 December 2022, the assets and liabilities of Time Trade classified as held for sale are as follows:

	31.12.2022 HK\$'000 (audited)
Investment properties	1,233,000
Pledged bank deposits	16,100
Trade receivables, deposits and prepayments	54
Cash and cash equivalents	794
Assets classified as held for sale	1,249,948
Other payables	431
Bank borrowings — due after one year	466,225
Liabilities associated with assets classified as held for sale	466,656

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

23. PAYABLES, RENTAL DEPOSITS AND ACCRUED CHARGES

The following is an aged analysis of trade payable presented based on the invoice date.

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
0 to 60 days	1,078	1,078
Trade payables	1,078	1,078
Rental deposits	8,503	8,433
Rental received in advance	41,811	39,924
Other payables, other deposits and accrued charges	124,915	178,391
Interest payables	11,382	33,605
	187,689	261,431
Analysed for reporting purposes as:		
Current liabilities	117,173	189,943
Non-current liabilities	70,516	71,488
	187,689	261,431

The average credit period on purchase of goods is 60 days.

During the current interim period, the deposits received from a joint venture partner amounting to HK\$50,000,000 included in "Other payables, other deposits and accrued charges" as at 31 December 2022 has been utilised as settlement of cash consideration upon completion of disposal of Time Trade. Details of the disposal are disclosed in note 30.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

24. BANK BORROWINGS

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Secured	5,508,232	5,149,605
Unsecured	2,649,200	1,955,700
Less: front-end fee	8,157,432 (43,772)	7,105,305 (46,147)
Less: amounts due within one year shown under current liabilities	8,113,660 (2,220,270)	7,059,158 (539,927)
Amounts shown under non-current liabilities	5,893,390	6,519,231

During the current interim period, the Group repaid bank borrowings amounting to HK\$25,500,000 (for the six months ended 30 June 2022: HK\$1,014,268,000) and drew bank borrowings which carried interest at variable rates amounting to HK\$943,500,000 (for the six months ended 30 June 2022: HK\$1,003,270,000).

As at 31 December 2022, as disclosed in note 22, bank borrowings of HK\$466,225,000 had been classified as liabilities associated with assets classified as held for sale and was presented separately in the condensed consolidated statement of financial position.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

25. SHARE CAPITAL

	Number of ordinary shares of HK\$0.1 each	Nominal value HK\$'000
Authorised	1,000,000,000	100,000
Issued and fully paid:		
At 1 January 2022, 31 December 2022 and 30 June 2023 (note)	602,122,726	60,212

Note: Neither the Company nor any its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2023 and the year ended 31 December 2022.

26. DEFERRED TAXATION

The balance at the end of current interim period mainly represents deferred tax liabilities recognised on the net accelerated tax depreciation offset with tax loss recognised of HK\$11,682,000 (31 December 2022: HK\$8,187,000).

27. PLEDGE OF ASSETS

At the end of the current interim period, the Group had pledged the following assets to secure banking facilities granted to the Group:

- (a) Fixed charges on investment properties (included assets classified as held for sale) with an aggregate carrying value of HK\$6,980,441,000 (31 December 2022: HK\$7,519,917,000) together with a floating charge over all the assets of the properties owning subsidiaries and benefits accrued to the relevant properties.
- (b) Fixed charges on hotel properties with an aggregate carrying value of HK\$516,163,000 (31 December 2022: HK\$526,160,000) together with a floating charge over all the assets of the properties owning subsidiaries and benefits accrued to the hotel properties.
- (c) Pledged bank deposits (included assets classified as held for sale) of HK\$209,052,000 (31 December 2022: HK\$122,079,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

28. RELATED PARTY DISCLOSURES

Other than as disclosed in notes 14 and 16 and elsewhere in these condensed consolidated financial statements, the Group had also entered into the following transaction with a related party.

(I) Related company

	Note	Six months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Management fee income from a related company	(a)	5,278	—

Note:

- (a) Certain Directors, being the controlling shareholders, have significant influence over the related company through a series of controlled corporations. Accordingly, the related company is a related party of the Group.

(II) Compensation of key management personnel

The remuneration of Directors who are the Group's key management personnel during the current interim period amounted to HK\$7,819,000 (for the six months ended 30 June 2022: HK\$10,510,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation processes

The management determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The management reports the findings to Directors to explain the cause of fluctuations in the fair values of the assets and liabilities.

The fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(continued)*

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Financial assets	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)
	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)		
Listed equity investments classified as equity instruments at FVTOCI	88,190	95,074	Level 1	The fair value is quoted price in an active market.
Listed equity securities classified as equity instruments at FVTOCI	9,248	14,162	Level 3	The fair value is determined with reference to the comparable approach. Comparable approach determines the fair value with reference to the market value of the similar listed comparable adjusted by revaluation of certain underlying assets and discount for lack of marketability.
Listed debt securities classified as debt instruments at FVTOCI	176,563	209,674	Level 1	The fair value is quoted price in an active market.

Fair value gains or losses on financial assets at FVTPL are included in "other gains and losses".

There were no transfers between Level 1, 2 and 3 during the period, except for a listed equity security who has transferred from level 1 to level 3 as at 31 December 2022 as the listed stock has been suspended for trading in Stock Exchange since 21 March 2022. Subsequent to the reporting period, the listed stock has resumed trading in early August 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(continued)*

Reconciliation of Level 3 Measurements

Listed equity securities classified as equity instruments at FVTOCI

	HK\$'000
At 1 January 2022 (audited)	—
Transfers into level 3	82,379
Fair value loss recognised in other comprehensive income	(61,605)
At 30 June 2022 (unaudited)	20,774
Fair value loss recognised in other comprehensive income	(6,612)
At 31 December 2022 (audited)	14,162
Fair value loss recognised in other comprehensive income	(4,914)
At 30 June 2023 (unaudited)	9,248

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except mentioned above, Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their corresponding fair values.

The fair values of the financial assets and financial liabilities above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

30. DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June 2023, the Group has completed the disposal of 50% equity interests in Time Trade to Hon Kwok.

The net assets of Time Trade at the date of disposal were as follows:

	HK\$'000
Net assets disposed of	785,860
Total consideration	
Satisfied by:	
Cash	392,930
Investment in a joint venture	392,930
	785,860

Disposal-related costs amounting to HK\$299,000 had been recognised as an expense in the period within the "other expenses" line item in the condensed consolidated statement of profit or loss.

Assets and liabilities derecognised at the date of disposal

	HK\$'000
Property under development	1,234,856
Trade receivables, deposits and prepayments	95
Pledged bank deposits	16,100
Cash and cash equivalents	1,458
Total assets	1,252,509
Other payables	(319)
Bank borrowings	(466,330)
Total liabilities	(466,649)
	785,860

Net cash inflows arising on disposal

	HK\$'000
Consideration received	341,472

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

30. DISPOSAL OF SUBSIDIARIES *(continued)*

During the six months ended 30 June 2022, the Group has completed the disposal of Green Charm Global Limited ("Green Charm") and Glorious Creation Limited ("Glorious Creation").

The net assets of Green Charm and Glorious Creation at the date of disposal were as follows:

	HK\$'000
Net assets disposed of	408,170
Total consideration	
Satisfied by:	
Cash	408,170

Disposal-related costs amounting to HK\$12,985,000 had been recognised as an expense in the period within the "other expenses" line item in the condensed consolidated statement of profit or loss.

Assets derecognised at the date of disposal

	HK\$'000
Investment properties	408,000
Rental deposits, prepayment and other receivable	170
	408,170

Net cash inflows arising on disposal

	HK\$'000
Consideration received	408,170

31. CAPITAL COMMITMENTS

	30.6.2023 HK\$'000 (unaudited)	31.12.2022 HK\$'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements:		
— redevelopment of investment properties (included assets classified as held for sale)	20,834	30,954
— investment fund contribution	10,879	13,004
	31,713	43,958

GLOSSARY

In this interim report, unless the context otherwise requires, the following expression shall have the following meanings:

“Ambleside Glory”	Ambleside Glory Limited, a company incorporated in the British Virgin Islands with limited liability;
“Audit Committee”	the audit committee of the Company;
“Board”	the board of Directors;
“CG Code”	the Corporate Governance Code;
“Chairman”	the chairman of the Board;
“Chief Executive”	the chief executive of the Company;
“Chief Financial Officer”	the chief financial officer of the Company;
“Company” or “SEA”	S E A Holdings Limited is an exempted company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock code: 251);
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Deloitte”	Deloitte Touche Tohmatsu, Certified Public Accountants;
“Director(s)”	the director(s) of the Company;
“ESG”	environmental, social and governance;
“Executive Director(s)”	the executive Director(s);
“Group”	the Company and its subsidiaries;
“Government”	the government of Hong Kong;
“HK\$”	the lawful currency of Hong Kong for the time being;
“HKAS”	Hong Kong Accounting Standards;
“HKFRS”	Hong Kong Financial Reporting Standards;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules;

GLOSSARY

"NLI"	Nan Luen International Limited, an exempted company incorporated in Bermuda with limited liability;
"Nomination Committee"	the nomination committee of the Company;
"NYH"	NYH Limited, an exempted company incorporated in Bermuda with limited liability;
"Port Lucky"	Port Lucky Limited, a company incorporated in the British Virgin Islands with limited liability;
"PRC" or "Mainland" or "China"	The People's Republic of China;
"Remuneration Committee"	the remuneration committee of the Company;
"SEA Fortune"	SEA Fortune Ventures Limited, a company incorporated in the British Virgin Islands with limited liability;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Shareholders"	the shareholders of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"UK"	The United Kingdom;
"US\$"	United States dollars, the lawful currency of the United States of America; and
"%"	per cent.

26/F Everbright Centre 108 Gloucester Road Wanchai Hong Kong
香港灣仔告士打道108號光大中心 26樓
T 電話：+852 2828 6363 F 傳真：+852 2598 6861
www.seagroup.com.hk

爪哇控股有限公司
SEA Holdings Limited

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

