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## **CHINESE ESTATES HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 127)**

### **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board of directors (the “Board”) of Chinese Estates Holdings Limited (the “Company”) would like to announce the unaudited consolidated interim results of the Company and its subsidiaries (together, the “Group”) for the six months ended 30 June 2024 (the “Period”) together with the comparative figures for the corresponding period in 2023:-

#### **CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 June 2024*

		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	3	<b>195,132</b>	270,638
Cost of goods and services provided		<b>(30,610)</b>	(23,743)
Gross profit		<b>164,522</b>	246,895
Other income	5	<b>6,430</b>	7,844
Investment expenses, net	6	<b>(29,827)</b>	(31,184)
Administrative expenses		<b>(164,817)</b>	(171,520)
Gain (loss) on disposals of equipment, net		<b>2,983</b>	(13)
Fair value changes on investment properties		<b>(273,559)</b>	190,538
Finance costs	7	<b>(109,805)</b>	(108,742)
Other gains and losses		<b>(1)</b>	(680)
Share of results of investments accounted for using the equity method		<b>(11,261)</b>	38,787
(Loss) profit before tax		<b>(415,335)</b>	171,925
Income tax expense	8	<b>(6,708)</b>	(25,240)
(Loss) profit for the period	9	<b>(422,043)</b>	146,685

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** *(continued)*

*For the six months ended 30 June 2024*

		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other comprehensive (expenses) income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Gains and losses on investments in equity instruments measured at fair value through other comprehensive income		(34,221)	(112,901)
Share of other comprehensive expenses of investments accounted for using the equity method		<u>(126)</u>	<u>(102)</u>
		<u>(34,347)</u>	<u>(113,003)</u>
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(54,602)	255,870
Share of other comprehensive expenses of investments accounted for using the equity method		<u>(3,714)</u>	<u>-</u>
		<u>(58,316)</u>	<u>255,870</u>
Other comprehensive (expenses) income for the period (net of tax)		<u>(92,663)</u>	<u>142,867</u>
<b>Total comprehensive (expenses) income for the period</b>		<b><u>(514,706)</u></b>	<b><u>289,552</u></b>
<b>(Loss) profit for the period attributable to:</b>			
Owners of the Company		(422,276)	146,599
Non-controlling interests		<u>233</u>	<u>86</u>
		<b><u>(422,043)</u></b>	<b><u>146,685</u></b>
<b>Total comprehensive (expenses) income for the period attributable to:</b>			
Owners of the Company		(514,939)	289,466
Non-controlling interests		<u>233</u>	<u>86</u>
		<b><u>(514,706)</u></b>	<b><u>289,552</u></b>
<b>(Loss) earnings per share (HK\$)</b>			
Basic and diluted	11	<b><u>(0.221)</u></b>	<b><u>0.077</u></b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*At 30 June 2024*

	Notes	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
<b>Non-current assets</b>			
Investment properties		13,808,643	13,957,718
Property, plant and equipment		145,191	169,745
Right-of-use assets		62,175	85,056
Intangible assets		-	-
Investments accounted for using the equity method		1,987,800	2,036,149
Advances to associates		59,720	60,013
Financial assets measured at fair value through profit or loss		57,389	60,359
Financial assets measured at fair value through other comprehensive income		161,459	195,680
Advance to investee companies		327,433	419,905
Deferred tax assets		175	877
Deposits and prepayments	12	-	4,904
		<u>16,609,985</u>	<u>16,990,406</u>
<b>Current assets</b>			
Stock of properties		23,316	23,316
Financial assets measured at fair value through profit or loss		272,095	339,319
Advances to investee companies		89,212	211,507
Inventories		4,915	4,079
Debtors, deposits, other receivables and prepayments	12	182,654	204,431
Securities trading receivables and deposits		27,191	26,992
Tax recoverable		62	259
Pledged deposits		147,162	152,929
Time deposits, bank balances and cash		836,804	592,228
		<u>1,583,411</u>	<u>1,555,060</u>
<b>Current liabilities</b>			
Creditors and accruals	13	179,842	182,939
Securities trading and margin payable		8,787	6,963
Deposits and receipts in advance		76,653	84,205
Lease liabilities		43,785	43,275
Tax liabilities		5,825	6,568
Borrowings		2,365,962	2,191,525
Derivative financial instrument		139	99
		<u>2,680,993</u>	<u>2,515,574</u>
<b>Net current liabilities</b>		<u>(1,097,582)</u>	<u>(960,514)</u>
<b>Total assets less current liabilities</b>		<u>15,512,403</u>	<u>16,029,892</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)*  
*At 30 June 2024*

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
<b>Equity attributable to owners of the Company</b>		
Share capital	190,762	190,762
Financial assets measured at fair value through other comprehensive income reserve	161,493	195,818
Contribution reserve	206,627	206,627
Statutory reserve	4,402	4,402
Special reserve	2,499,685	2,499,685
Capital redemption reserve	138,062	138,062
Translation reserve	(612,576)	(554,260)
Retained profits	<u>11,108,110</u>	<u>11,530,408</u>
	<b>13,696,565</b>	14,211,504
<b>Non-controlling interests</b>	<u>23,830</u>	23,597
<b>Total equity</b>	<u><b>13,720,395</b></u>	<u>14,235,101</u>
<b>Non-current liabilities</b>		
Borrowings	1,687,839	1,660,323
Amounts due to associates	13,308	21,431
Amounts due to investee companies	13,885	13,885
Amounts due to non-controlling shareholders	275	275
Lease liabilities	16,781	38,684
Deferred tax liabilities	<u>59,920</u>	<u>60,193</u>
	<u><b>1,792,008</b></u>	<u>1,794,791</u>
	<u><b>15,512,403</b></u>	<u><b>16,029,892</b></u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

### 1. Basis of Preparation

These unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

#### Going concern basis

The Group incurred a net loss attributable to owners of the Company of approximately HK\$422,276,000 during the Period, and as at 30 June 2024, the Group’s current liabilities exceeded its current assets by approximately HK\$1,097,582,000 (31 December 2023: HK\$960,514,000). Notwithstanding the above, these unaudited condensed consolidated financial statements have been prepared on a going concern basis.

The management closely monitors the Group’s financial performance and liquidity position. The validity of the going concern basis of preparation of these unaudited condensed consolidated financial statements depends upon the success of the Group’s future operations, its ability to generate adequate cash flows in order to meet its financial obligations as and when they fall due, and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements.

Based on the latest communications with the banks, the directors of the Company (“Directors”) are not aware of any intention of the principal banks to withdraw their bank facilities or require early repayment of the bank borrowings, and the Directors believe that the existing bank facilities will be renewed or roll-overed when their current terms expire given the good track records and relationships the Group has with the banks.

The Directors have reviewed the Group’s cash flow projections prepared by the management. The cash flow projections cover a period of not less than twelve months from 30 June 2024. Based on the cash flow projections, the Directors believe that the Group will have sufficient financial resources to meet its financial obligations as and when they fall due in the coming twelve months from 30 June 2024. The management has made key assumptions in the preparation of the projections with regard to the anticipated cash flows from the Group’s operations, capital expenditures and the continuous availability of bank facilities. The Group’s ability to achieve the projected cash flows depends on the continuous availability of bank facilities from the banks.

In view of the above, the Directors are of the opinion that there will be sufficient financial resources available to the Group to enable it to meet its liabilities as and when they fall due and to continue as a going concern. Accordingly, the Directors have prepared these unaudited condensed consolidated financial statements on a going concern basis.

### 2. Material Accounting Policies

The accounting policies adopted in these unaudited condensed consolidated financial statements for the Period are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2023 except as described below.

In the current period, the Group has applied the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and revised Interpretation (“Int”) (“Amendments”) issued by the HKICPA for the first time, including those which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of these unaudited condensed consolidated financial statements:

HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendments)	Non-current Liabilities with Covenants
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements
HK Int 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

## 2. Material Accounting Policies (continued)

The application of the Amendments 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 unaudited condensed consolidated financial statements.

The Group has not early adopted the following new and amendments to HKFRSs ("New and Amended HKFRSs") that have been issued but are not yet effective.

HKFRS 9 and HKFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>3</sup>
HKAS 21 (Amendments)	Lack of Exchangeability <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined

The Directors are in the process of assessing the potential impact of the New and Amended HKFRSs but are not yet in a position to determine whether the New and Amended HKFRSs will have a material impact on the Group's performance and financial position and on the disclosures. The New and Amended HKFRSs may result in changes to how the Group's performance and financial position are prepared and presented in the future.

## 3. Revenue

Revenue represents the aggregate amounts of commission from brokerage, settlement charges from brokerage, cosmetics goods sold less returns, building and property management services income, amounts received and receivable from property rental income, interest income from bonds and structured products, dividend income from listed and unlisted equity investments and gain on sales of investments held-for-trading. Revenue is analysed as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue from contracts with customers:		
<i>Recognised on a point in time basis</i>		
Brokerage and cosmetics income	7,386	6,708
<i>Recognised on over time basis</i>		
Building and property management services income	<u>26,554</u>	<u>27,010</u>
	<u>33,940</u>	<u>33,718</u>
Revenue from other sources:		
Property rental income	115,270	130,352
Interest income from		
- bonds (note (i))	4,341	5,628
- structured products (note (i))	-	64
	4,341	5,692
Dividend income from		
- listed equity investments (note (i))	1,632	2,769
- unlisted equity investments (note (ii))	34,000	36,600
	35,632	39,369
Gain on sales of investments held-for-trading	5,949	61,507
	<u>161,192</u>	<u>236,920</u>
Total revenue	<u><b>195,132</b></u>	<u><b>270,638</b></u>

### 3. Revenue (continued)

Notes:

- (i) The interest income from bonds and structured products and dividend income from listed equity investments were derived from financial assets measured at fair value through profit or loss (“FVTPL”).
- (ii) The dividend income from unlisted equity investments was derived from financial assets measured at fair value through other comprehensive income (“FVTOCI”).

### 4. Operating Segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The Group has six reportable segments – (i) property development and trading; (ii) property leasing for retail; (iii) property leasing for non-retail; (iv) listed equity investments at FVTOCI; (v) investments and treasury products at FVTPL; and (vi) unlisted investments, investment holding and brokerage, and the remaining businesses of the Group grouped under all other segments. The segmentations are based on the information about the operations of the Group that management of the Group uses to make decisions.

Principal activities are as follows:

Property development and trading	– Property development and sales of trading properties
Property leasing	
– Retail	– Property leasing from retail properties
– Non-retail	– Property leasing from non-retail properties
Listed equity investments at FVTOCI	– Listed equity securities at FVTOCI
Investments and treasury products at FVTPL	– Securities investments in investments held-for-trading, over-the-counter trading and structured products
Unlisted investments, investment holding and brokerage	– Unlisted securities investments, trading and brokerage
All other segments	– Cosmetics distribution and trading, provision of building and property management services and others

The Group evaluates performance on the basis of profit or loss from operations after tax expense and non-controlling interests but not including the major non-cash items. The major non-cash items are unrealised fair value changes on investment properties and other properties together with, if applicable, their respective deferred tax.

No operating segments have been aggregated in arriving at the six reportable segments described above.

Unallocated corporate assets mainly comprised land and building for own use, right-of-use assets, deferred tax assets and tax recoverable.

Unallocated corporate liabilities mainly comprised tax liabilities, bank borrowings, amounts due to associates, amounts due to investee companies, amounts due to non-controlling shareholders, lease liabilities and deferred tax liabilities.

The Group’s reportable segments are strategic business units that operate different activities. They are managed separately because each business unit has different markets and requires different marketing strategies.

Further, the business units are also managed to operate in different countries separately. Revenue and results are attributed to countries on the basis of the property or asset location.

There was no major customer who individually accounted for 10% or more of the Group’s revenue during the six months ended 30 June 2024 and 2023.

#### 4. Operating Segments (continued)

Operating segment information is presented below:

### Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	Property development and trading HK\$'000	Property leasing		Listed equity investments at FVTOCI HK\$'000	Investments and treasury products at FVTPL HK\$'000	Unlisted investments, investment holding and brokerage HK\$'000	All other segments HK\$'000	Consolidated HK\$'000
		Retail HK\$'000	Non-retail HK\$'000					
<b>Major cash items excluding in revenue</b>								
- Hong Kong	-	-	-	-	35,622	-	-	35,622
- Other countries	-	-	-	-	27,267	-	-	27,267
	-	-	-	-	62,889	-	-	62,889
<b>Revenue</b>								
Dividend and interest income and gain on sales of investments held-for-trading								
- Hong Kong	34,000	-	-	-	8,315	-	-	42,315
- Other countries	-	-	-	-	3,607	-	-	3,607
Revenue from external customers								
- Hong Kong	-	17,121	56,145	-	-	1,445	32,495	107,206
- United Kingdom	-	15,969	25,871	-	-	-	-	41,840
- Mainland China	-	-	164	-	-	-	-	164
	34,000	33,090	82,180	-	11,922	1,445	32,495	195,132
Revenue (excluding dividend income from segments of property development and trading and property leasing)								
	-	33,090	82,180	-	11,922	1,445	32,495	161,132
Attributable property sales from an investee company								
- Hong Kong	12,390	-	-	-	-	-	-	12,390
Attributable rental revenue from associates/investee companies								
- Hong Kong	-	7,912	25,114	-	-	-	-	33,026
- Mainland China	-	25,097	2,753	-	-	-	-	27,850
	12,390	66,099	110,047	-	11,922	1,445	32,495	234,398
<b>Results</b>								
Segment results								
- Hong Kong	34,000	15,602	51,745	-	(1,046)	9,200	19,523	129,024
- United Kingdom	-	14,979	16,642	-	-	2,461	-	34,082
- Mainland China	-	-	42	-	-	1,806	-	1,848
- Other countries	-	-	-	-	(30,259)	-	-	(30,259)
	34,000	30,581	68,429	-	(31,305)	13,467	19,523	134,695
Share of results of investments accounted for using the equity method								
Attributable gross income								
- Hong Kong	-	7,672	24,937	-	-	-	1,185	33,794
- Mainland China	-	25,097	2,753	-	-	-	-	27,850
Attributable operating cost								
- Hong Kong	-	(907)	(4,084)	-	-	-	-	(4,991)
- Mainland China	-	(8,965)	(1,676)	-	-	-	-	(10,641)
	34,000	53,478	90,359	-	(31,305)	13,467	20,708	180,707
Other income								
	-	-	1,841	-	-	-	-	1,841
Share of results of investments accounted for using the equity method								
- Income tax and others	-	(13,279)	(750)	-	-	-	(104)	(14,133)
	34,000	40,199	91,450	-	(31,305)	13,467	20,604	168,415
Unallocated items								
Unallocated corporate expenses, net								(157,246)
Finance costs								(109,805)
Income tax expense								(6,708)
Non-controlling interests								(233)
<b>Operating loss for the period attributable to owners of the Company</b>								
								(105,577)
Major non-cash items								
- Unrealised fair value changes on investment properties (including share of results of investments accounted for using the equity method)								(316,699)
<b>Loss for the period attributable to owners of the Company</b>								
								(422,276)
<b>Core loss for the period attributable to owners of the Company</b>								
								(105,577)



**4. Operating Segments (continued)**  
**Condensed Consolidated Statement of Financial Position**  
**At 30 June 2024**

	Property development and trading HK\$'000	Property leasing		Listed equity investments at FVTOCI HK\$'000	Investments and treasury products at FVTPL HK\$'000	Unlisted investments, investment holding and brokerage HK\$'000	All other segments HK\$'000	Consolidated HK\$'000
		Retail HK\$'000	Non-retail HK\$'000					
<b>Assets</b>								
Segment assets								
- Hong Kong	474,451	1,441,909	6,023,634	-	201,049	302,836	184,745	8,628,624
- United Kingdom	-	944,691	6,265,951	-	-	-	-	7,210,642
- Mainland China	105,906	-	117	-	-	-	-	106,023
- Other countries	-	-	-	-	74,496	47	-	74,543
Investments accounted for using the equity method								
- Hong Kong	46,509	361,662	1,417,745	-	-	1,434	4,074	1,831,424
- Mainland China	-	70,784	85,592	-	-	-	-	156,376
Advances to associates								
- Hong Kong	1,953	-	163	-	-	3	1	2,120
- Mainland China	-	26,073	31,527	-	-	-	-	57,600
Reportable segment assets	<b>628,819</b>	<b>2,845,119</b>	<b>13,824,729</b>	<b>-</b>	<b>275,545</b>	<b>304,320</b>	<b>188,820</b>	<b>18,067,352</b>
Unallocated corporate assets								126,044
Consolidated total assets								<b>18,193,396</b>
<b>Liabilities</b>								
Segment liabilities								
- Hong Kong	34,491	15,216	110,823	-	139	10,994	15,414	187,077
- United Kingdom	-	17,969	60,176	-	-	-	-	78,145
- Mainland China	-	-	198	-	-	-	-	198
- Other countries	-	-	-	-	1	-	-	1
Reportable segment liabilities	<b>34,491</b>	<b>33,185</b>	<b>171,197</b>	<b>-</b>	<b>140</b>	<b>10,994</b>	<b>15,414</b>	<b>265,421</b>
Unallocated corporate liabilities								4,207,580
Consolidated total liabilities								<b>4,473,001</b>
<b>Additions to non-current assets (other than financial instruments and deferred tax assets)</b>								
	<b>4</b>	<b>130</b>	<b>192,074</b>	<b>-</b>	<b>-</b>	<b>42</b>	<b>6,956</b>	

**Other Material Items**  
**For the six months ended 30 June 2024**

	Reportable segments HK\$'000	Adjustments for unallocated items HK\$'000	Adjustments for major non-cash items HK\$'000	Condensed consolidated statement of comprehensive income HK\$'000
Interest income	19,583	-	-	19,583
Finance costs	-	(109,805)	-	(109,805)
Net income (expenses)	19,583	(109,805)	-	(90,222)
Depreciation of:				
- Property, plant and equipment	-	(33,768)	-	(33,768)
- Right-of-use assets	-	(22,881)	-	(22,881)
Fair value changes on investment properties	-	-	(273,559)	(273,559)
Share of results of investments accounted for using the equity method	31,879	-	(43,140)	(11,261)
Income tax expense	-	(6,708)	-	(6,708)
Non-controlling interests	-	(233)	-	(233)

#### 4. Operating Segments (continued)

### Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	Property development and trading HK\$'000	Property leasing		Listed equity investments at FVTOCI HK\$'000	Investments and treasury products at FVTPL HK\$'000	Unlisted investments, investment holding and brokerage HK\$'000	All other segments HK\$'000	Consolidated HK\$'000
		Retail HK\$'000	Non-retail HK\$'000					
<b>Major cash items excluding in revenue</b>								
- Hong Kong	-	-	-	-	175,517	-	-	175,517
- Other countries	-	-	-	-	400,644	-	-	400,644
	-	-	-	-	576,161	-	-	576,161
<b>Revenue</b>								
Dividend and interest income and gain on sales of investments held-for-trading								
- Hong Kong	36,000	-	-	-	15,086	-	600	51,686
- Other countries	-	-	-	-	54,882	-	-	54,882
Revenue from external customers								
- Hong Kong	-	16,085	61,759	-	-	1,545	32,173	111,562
- United Kingdom	-	15,533	36,975	-	-	-	-	52,508
	36,000	31,618	98,734	-	69,968	1,545	32,773	270,638
Revenue (excluding dividend income from segments of property development and trading and property leasing)	-	31,618	98,734	-	69,968	1,545	32,773	234,638
Attributable property sales from an investee company								
- Hong Kong	80,855	-	-	-	-	-	-	80,855
Attributable rental revenue from associates/investee company								
- Hong Kong	-	8,217	24,161	-	-	-	-	32,378
- Mainland China	-	23,100	2,955	-	-	-	-	26,055
	80,855	62,935	125,850	-	69,968	1,545	32,773	373,926
<b>Results</b>								
Segment results								
- Hong Kong	36,000	13,546	59,965	-	(54,949)	19,454	20,465	94,481
- United Kingdom	-	14,513	32,477	-	-	1,334	-	48,324
- Mainland China	-	-	(13)	-	-	2,081	-	2,068
- Other countries	-	-	-	-	65,204	6,335	-	71,539
	36,000	28,059	92,429	-	10,255	29,204	20,465	216,412
Share of results of investments accounted for using the equity method								
- Attributable gross income								
- Hong Kong	-	7,995	23,967	-	-	-	1,095	33,057
- Mainland China	-	23,100	2,955	-	-	-	-	26,055
- Attributable operating cost								
- Hong Kong	-	(721)	(4,295)	-	-	-	-	(5,016)
- Mainland China	-	(8,857)	(1,635)	-	-	-	-	(10,492)
	36,000	49,576	113,421	-	10,255	29,204	21,560	260,016
Other income	-	-	2,964	-	-	-	-	2,964
Share of results of investments accounted for using the equity method								
- Income tax and others	-	(15,187)	(679)	-	-	-	59	(15,807)
	36,000	34,389	115,706	-	10,255	29,204	21,619	247,173
Unallocated items								
Unallocated corporate expenses, net								(168,034)
Finance costs								(108,742)
Income tax expense								(14,504)
Non-controlling interests								(86)
<b>Operating loss for the period attributable to owners of the Company</b>								(44,193)
Deferred tax credit on realised fair value changes on disposal of an investment property recognised in current period								528
Major non-cash items								
- Unrealised fair value changes on investment properties (including share of results of investments accounted for using the equity method)								201,528
- Deferred tax expense								(11,264)
<b>Profit for the period attributable to owners of the Company</b>								146,599
<b>Core loss (excluding major non-cash items)</b>								
Operating loss for the period attributable to owners of the Company								(44,193)
Accumulated realised fair value changes and related deferred tax on disposal of an investment property								
- Recognised in current period								528
- Recognised in prior years								521
<b>Core loss for the period attributable to owners of the Company</b>								(43,144)

**4. Operating Segments (continued)**  
**Condensed Consolidated Statement of Financial Position**  
*At 31 December 2023*

	Property development and trading HK\$'000	Property leasing		Listed equity investments at FVTOCI HK\$'000	Investments and treasury products at FVTPL HK\$'000	Unlisted investments, investment holding and brokerage HK\$'000	All other segments HK\$'000	Consolidated HK\$'000
		Retail HK\$'000	Non-retail HK\$'000					
<b>Assets</b>								
Segment assets								
- Hong Kong	700,602	1,242,024	6,116,023	-	229,910	299,745	247,838	8,836,142
- United Kingdom	-	951,704	6,284,203	-	-	-	-	7,235,907
- Mainland China	108,018	-	104	-	-	-	-	108,122
- Other countries	-	-	-	-	117,916	106	-	118,022
Investments accounted for using the equity method								
- Hong Kong	43,426	392,433	1,431,632	-	-	1,582	4,325	1,873,398
- Mainland China	-	72,258	90,493	-	-	-	-	162,751
Advances to associates								
- Hong Kong	1,945	-	162	-	-	3	3	2,113
- Mainland China	-	25,706	32,194	-	-	-	-	57,900
Reportable segment assets	<u>853,991</u>	<u>2,684,125</u>	<u>13,954,811</u>	<u>-</u>	<u>347,826</u>	<u>301,436</u>	<u>252,166</u>	<u>18,394,355</u>
Unallocated corporate assets								<u>151,111</u>
Consolidated total assets								<u>18,545,466</u>
<b>Liabilities</b>								
Segment liabilities								
- Hong Kong	36,717	16,128	97,335	6	284	9,945	18,844	179,259
- United Kingdom	-	18,447	76,429	-	-	-	-	94,876
- Mainland China	35	-	32	-	-	2	-	69
- Other countries	-	-	-	-	2	-	-	2
Reportable segment liabilities	<u>36,752</u>	<u>34,575</u>	<u>173,796</u>	<u>6</u>	<u>286</u>	<u>9,947</u>	<u>18,844</u>	<u>274,206</u>
Unallocated corporate liabilities								<u>4,036,159</u>
Consolidated total liabilities								<u>4,310,365</u>
<b>Additions to non-current assets (other than financial instruments and deferred tax assets)</b>								
	<u>-</u>	<u>233</u>	<u>319,898</u>	<u>-</u>	<u>-</u>	<u>207</u>	<u>402</u>	

**Other Material Items**

*For the six months ended 30 June 2023*

	Reportable segments HK\$'000	Adjustments for unallocated items HK\$'000	Adjustment related to realised fair value changes HK\$'000	Adjustments for major non-cash items HK\$'000	Condensed consolidated statement of comprehensive income HK\$'000
Interest income	27,173	-	-	-	27,173
Finance costs	-	(108,742)	-	-	(108,742)
Net income (expenses)	27,173	(108,742)	-	-	(81,569)
Depreciation of:					
- Property, plant and equipment	-	(25,828)	-	-	(25,828)
- Right-of-use assets	-	(23,386)	-	-	(23,386)
Fair value changes on investment properties	-	-	-	190,538	190,538
Share of results of investments accounted for using the equity method	27,797	-	-	10,990	38,787
Income tax (expense) credit	-	(14,504)	528	(11,264)	(25,240)
Non-controlling interests	-	(86)	-	-	(86)

## 5. Other Income

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Included in other income are:		
Rental services income	<b>1,605</b>	1,642
Leasing administration services and property administration services income	<b>2,440</b>	2,602
Advisory and consultancy services income	<b>24</b>	19
Dilapidations settlement received from tenants in respect of properties in the United Kingdom	<b>1,841</b>	2,964
Exchange gain, net	<b>14</b>	-
	<b>14</b>	-

## 6. Investment Expenses, Net

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Financial assets/liabilities measured at fair value through profit or loss:		
Unrealised gain (loss) arising from change in fair value of bonds	<b>2,774</b>	(32,861)
Realised loss arising from change in fair value of bonds		
- Change in fair value	<b>(2,884)</b>	(4,073)
- Exchange component of change	<b>5</b>	286
Net loss arising from change in fair value of bonds	<b>(105)</b>	(36,648)
Unrealised (loss) gain arising from change in fair value of structured products and derivative financial instruments	<b>(40)</b>	219
Realised (loss) gain arising from change in fair value of structured products and derivative financial instruments	<b>(204)</b>	181
Net (loss) gain arising from change in fair value of structured products and derivative financial instruments	<b>(244)</b>	400
Unrealised loss arising from change in fair value of investments held-for-trading	<b>(42,848)</b>	(23,004)
Unrealised (loss) gain arising from change in fair value of club debentures	<b>(1,170)</b>	2,026
Unrealised gain arising from change in fair value of cross currency swap	-	549
Realised loss arising from change in fair value of cross currency swap	-	(1,250)
Net loss arising from change in fair value of cross currency swaps	-	(701)
Other investment (expenses) income, net	<b>(30)</b>	5,874
Interest income from other financial assets	<b>14,570</b>	20,869
	<b>(29,827)</b>	(31,184)

## 7. Finance Costs

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Interest on:		
Bank borrowings	117,312	110,534
Lease liabilities	1,626	1,683
Total interest	<u>118,938</u>	<u>112,217</u>
Exchange gain on translation of foreign currency bank borrowings	-	(705)
Other finance costs	1,312	1,284
	<u>120,250</u>	<u>112,796</u>
Less: Interest capitalised to investment properties under construction	<u>(10,445)</u>	<u>(4,054)</u>
	<u><b>109,805</b></u>	<u><b>108,742</b></u>

During the Period, the Group has capitalised borrowing costs at a rate of 5.87% (2023: 4.54%) per annum, amounting to approximately HK\$10,445,000 (2023: HK\$4,054,000) on qualifying assets.

## 8. Income Tax Expense

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	1,361	2,505
Other than Hong Kong	4,490	7,172
	<u>5,851</u>	<u>9,677</u>
Underprovision (overprovision) in prior years:		
Hong Kong Profits Tax	(10)	(20)
Other than Hong Kong	26	(1,284)
	<u>16</u>	<u>(1,304)</u>
Deferred tax:		
Current period charge	841	16,867
	<u><b>6,708</b></u>	<u><b>25,240</b></u>

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5% (2023: 16.5%). The People's Republic of China ("PRC") Enterprise Income Tax for the PRC subsidiaries are calculated at the PRC Enterprise Income Tax rate of 25% (2023: 25%). The Group is subject to tax rate in the United Kingdom at 25% (2023: changed from 19% to 25%). Taxation arising from other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 9. (Loss) Profit for the Period

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
(Loss) profit for the period has been arrived at after (charging) crediting:		
Total staff costs:		
Staff costs, including Directors' emoluments	<b>(72,812)</b>	(72,948)
Retirement benefit scheme contributions, net of forfeited contributions of approximately HK\$172,000 (2023: HK\$496,000)	<b>(3,904)</b>	(3,921)
	<b>(76,716)</b>	(76,869)
Auditors' remuneration for audit services:		
Auditors of the Company		
- Current period	<b>(1,064)</b>	(1,019)
Other auditors		
- Current period	<b>(192)</b>	(182)
	<b>(1,256)</b>	(1,201)
Auditors' remuneration for non-audit services:		
Auditors of the Company	-	(100)
Depreciation of:		
- Property, plant and equipment	<b>(33,768)</b>	(25,828)
- Right-of-use assets	<b>(22,881)</b>	(23,386)
	<b>(56,649)</b>	(49,214)
Exchange loss, net	-	(323)
Rental expenses from short-term leases	<b>(1,909)</b>	(1,935)
Cost of cosmetics products sold	<b>(2,927)</b>	(2,594)
Share of tax of investments accounted for using the equity method (included in share of results of investments accounted for using the equity method)		
- Share of tax of associates	<b>(5,666)</b>	(4,483)
Gross proceeds on sales of investments held-for-trading	<b>52,860</b>	484,295
Carrying amount of investments held-for-trading disposed of	<b>(46,831)</b>	(421,871)
Transaction costs on sales of investments held-for-trading	<b>(80)</b>	(917)
Gain on sales of investments held-for-trading included in revenue	<b>5,949</b>	61,507
Gross rental income from investment properties	<b>115,270</b>	130,352
Less: Direct operating expenses from investment properties that generated rental income during the period	<b>(7,977)</b>	(3,572)
Direct operating expenses from investment properties that did not generate rental income during the period	<b>(8,283)</b>	(6,292)
	<b>99,010</b>	120,488
Allowance for credit losses recognised in respect of other receivable	<b>(20)</b>	-

## 10. Dividends

No dividend (2023: nil) was paid during the Period.

The Board has resolved not to declare any interim dividend for the Period (2023: nil) after interim period end.

## 11. (Loss) Earnings per Share

The calculation of the basic and diluted (loss) earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
(Loss) earnings :		
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share		
(Loss) profit for the period attributable to owners of the Company	<u>(422,276)</u>	<u>146,599</u>
	Number of shares	
	Six months ended 30 June	
	2024	2023
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	<u>1,907,619,079</u>	<u>1,907,619,079</u>

Diluted (loss) earnings per share for the six months ended 30 June 2024 and 2023 were the same as the basic (loss) earnings per share as there were no potential ordinary shares of the Company in issue during both periods.

## 12. Debtors, Deposits, Other Receivables and Prepayments

	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Trade receivables (net of allowance for credit losses)	13,400	6,607
Deposits and prepayments	48,035	54,683
Interest receivables from bonds (net of allowance for credit losses)	1,209	4,665
Other receivables	<u>120,010</u>	<u>143,380</u>
	<u>182,654</u>	<u>209,335</u>
Analysed for reporting purpose as:		
Non-current	-	4,904
Current	<u>182,654</u>	<u>204,431</u>
	<u>182,654</u>	<u>209,335</u>

Included in debtors, deposits, other receivables and prepayments are trade receivables of approximately HK\$13,400,000 (31 December 2023: HK\$6,607,000), which comprised rental and building management fee receivables billed in advance and settlements from tenants which are expected upon receipts of billings and receivables from property management services and cosmetics business.

The carrying amounts of trade receivables (net of allowance for credit losses) of the Group's major businesses are as follows:

	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Rental receivables from property leasing	4,998	1,262
Receivables from building and property management services	4,746	3,296
Receivables from cosmetics business	<u>3,656</u>	<u>2,049</u>
	<u>13,400</u>	<u>6,607</u>

## 12. Debtors, Deposits, Other Receivables and Prepayments (continued)

The following is the aged analysis of trade receivables (net of allowance for credit losses), presented based on the respective revenue recognition dates, at the end of the reporting period:

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
0 - 30 days	6,473	3,336
31 - 60 days	3,082	1,652
61 - 90 days	630	933
Over 90 days	3,215	686
	<b>13,400</b>	<b>6,607</b>

## 13. Creditors and Accruals

Included in creditors and accruals are trade payables of approximately HK\$654,000 (31 December 2023: HK\$2,516,000).

The following is the aged analysis of trade payables, presented based on the invoice date, at the end of the reporting period:

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
0 - 90 days	473	765
Over 90 days	181	1,751
	<b>654</b>	<b>2,516</b>

## 14. Capital Commitments

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
Authorised and contracted for:		
Redevelopment expenditure of properties	437,408	523,046
Refurbishment of properties	22,732	27,516
Purchases of equipment and leasehold improvement	5,967	8,748
	<b>466,107</b>	<b>559,310</b>

## 15. Contingent Liabilities

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
Guarantee given to a bank in respect of banking facilities in lieu of the cash public utility deposit jointly utilised by subsidiaries	15,000	15,000
Guarantees given to banks in respect of banking facilities utilised by investee companies/indemnity given to a third party in relation to an investee company	827,830	613,830
	<b>842,830</b>	<b>628,830</b>

No provision for financial guarantee contracts and/or deed of indemnity have been made as at 30 June 2024 and 31 December 2023 as the Directors considered the default risk is low.



## INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (2023: nil).

Having considered the Company's dividend policy, to preserve more cash for the Group's future financial, property investment or securities investment opportunities, the Board has resolved not to declare any interim dividend for the Period (2023: nil).

## FINANCIAL OPERATION REVIEW

### Results

#### Revenue

Revenue for the Period amounted to HK\$195.1 million (2023: HK\$270.6 million), a decrease of 27.9% over the same period of last year and comprised gross rental income of HK\$115.3 million (2023: HK\$130.3 million), gain on sales of investments held-for-trading on a net basis of HK\$5.9 million (2023: HK\$61.5 million), dividend income from listed and unlisted equity investments of HK\$35.6 million (2023: HK\$39.4 million), interest income from bonds and structured products of HK\$4.3 million (2023: HK\$5.7 million), building and property management services income of HK\$26.6 million (2023: HK\$27.0 million) and others of HK\$7.4 million (2023: HK\$6.7 million). The decrease in revenue was mainly due to decrease in net gain on sales of investments held-for-trading of HK\$55.6 million for the Period.

#### Gross Profit

Gross profit for the Period amounted to HK\$164.5 million (2023: HK\$246.9 million), a decrease of 33.4% as compared with the same period of last year which was also mainly due to decrease in net gain on sales of investments held-for-trading for the Period.

#### Property Leasing

For property leasing, the rental revenue in non-retail section decreased by 16.7% to HK\$82.2 million while retail section increased by 4.7% to HK\$33.1 million during the Period. The total rental income in revenue for the Period recorded a decrease of 11.5% to HK\$115.3 million as compared with the same period of last year of HK\$130.3 million.

Together with the attributable rental revenue generated from associates and investee companies of HK\$60.8 million (2023: HK\$58.5 million), the total attributable rental revenue to the Group amounted to HK\$176.1 million (2023: HK\$188.8 million), which represents a decrease of 6.7% over the same period of last year.

Attributable net rental income for the Period showed HK\$143.8 million, a decrease of 11.8% over HK\$163.0 million in the same period of last year.

#### Property Development and Trading

During the Period, the Group did not dispose of any trading property (2023: no disposal).

In respect of properties held by an investee company, sales of 6 units and certain parking spaces of Grand Central in Kwun Tong (10% interest) were recorded by the investee company during the Period. Following the recognition of sales and profits by the investee company, the investee company declared dividend and hence dividend income from the investee company had contributed HK\$34.0 million (2023: HK\$36.0 million) to the Group's revenue and results during the Period.

The Group's investee company recorded an attributable sales of HK\$12.4 million (2023: HK\$80.9 million) for the Period.

### Securities Investments

The Group has in the ordinary and usual course of business conducted its securities investment activities, as at 30 June 2024, comprised listed equity investments, bonds and treasury products. During the Period, the net loss (excluding gain/loss recognised in financial assets measured at FVTOCI reserve) recognised from securities investments and treasury products representing net loss on investments and treasury products at FVTPL of HK\$31.3 million (2023: net profit of HK\$10.3 million).

### Investments and Treasury Products at Fair Value Through Profit or Loss

During the Period, the Group disposed of listed investments held-for-trading and recognised a realised gain of HK\$5.9 million (2023: HK\$61.5 million) (the gains/losses of which was included in revenue) with gross proceeds of HK\$52.9 million (2023: HK\$484.3 million). In addition, realised loss on bonds of HK\$2.8 million (2023: HK\$3.8 million) and realised loss on derivative financial instrument of HK\$0.2 million (2023: realised gain on structured products and derivative financial instrument of HK\$0.2 million) were recorded during the Period.

During the Period, the Group recorded an unrealised loss of HK\$40.1 million (2023: HK\$55.6 million) representing the changes in fair value of listed equity investments, bonds and derivative financial instrument, comprised unrealised loss on listed investments held-for-trading of HK\$42.9 million (2023: HK\$23.0 million), unrealised gain on bonds of HK\$2.8 million (2023: unrealised loss of HK\$32.8 million) and minimal unrealised loss on derivative financial instrument (2023: unrealised gain on structured products and derivative financial instrument of HK\$0.2 million), which had no effect on the cash flow of the Group.

During the Period, interest income from bonds (which were included in revenue) of HK\$4.3 million (2023: from bonds of HK\$5.6 million and structured products of HK\$0.1 million). Together with dividend income from listed equity investments at FVTPL (which were included in revenue) of HK\$1.6 million (2023: HK\$2.8 million), the Group recognised interest/dividend income from investments and treasury products at FVTPL of HK\$5.9 million (2023: HK\$8.5 million) for the Period.

Summing up the realised and unrealised gain/loss and adding the net income from net dividend income, interest income and other investment income/expenses of HK\$5.9 million (2023: HK\$8.0 million), the net loss recognised from securities investments and treasury products was HK\$31.3 million (2023: net profit of HK\$10.3 million) for the Period.

### Other Income and Expenses

During the Period, the Group recorded other income of HK\$6.4 million (2023: HK\$7.8 million).

During the Period, administrative expenses decreased by 3.9% to HK\$164.8 million (2023: HK\$171.5 million). Finance costs increased by 1.0% to HK\$109.8 million (2023: HK\$108.7 million) during the Period.

### Investments Accounted for Using the Equity Method

The share of results of investments accounted for using the equity method for the Period recorded a loss from the share of results of associates of HK\$11.3 million (2023: profit of HK\$38.8 million). The turning from profit to loss on share of results of associates was mainly due to fair value changes of investment properties held by associates turned from gain to loss during the Period.

### Fair Value Changes on Investment Properties

Investment properties of the Group in Hong Kong and Mainland China were revalued at 30 June 2024 by LCH (Asia-Pacific) Surveyors Limited (“LCH (Asia-Pacific)”) whereas investment properties in the United Kingdom were revalued by Moore Transaction Services Limited (“Moore Transaction”). LCH (Asia-Pacific) and Moore Transaction are independent qualified professional property valuers. An unrealised loss on fair value changes of investment properties of HK\$273.6 million (2023: unrealised gain of HK\$190.5 million) was recorded during the Period. The unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.

## **Loss/Profit, Core Loss, Dividends, Repurchase and Total Comprehensive Expenses/Income**

### Loss/Profit

Loss for the Period attributable to owners of the Company was HK\$422.3 million as compared to profit of HK\$146.6 million for the same period of last year. The turning from profit to loss for the Period was mainly due to (a) decrease in gain on sales of investments held-for-trading on a net basis; and (b) turnaround of fair value changes of investment properties from gain to loss during the Period. Loss per share for the Period was HK\$0.22 (2023: earnings per share of HK\$0.08).

### Core Loss

Core profit/loss is a non-HKFRS measure, is arrived at by adding (i) reported profit/loss excluding unrealised fair value changes of investment properties and other properties together with their respective deferred tax (if applicable) during the Period; and (ii) accumulated realised fair value changes of investment properties and other properties together with their respective deferred tax (if applicable) recognised in prior years. The Group believes that the presentation of non-HKFRS measure facilitates comparisons of operating performance from period to period by eliminating potential impact of certain items.

If the net loss on the major non-cash items of HK\$316.7 million is excluded (2023: net gain on the major non-cash items of HK\$190.2 million was excluded, but the accumulated realised fair value gain and related deferred tax recognised in prior years on disposal of an investment property of HK\$0.5 million was included), the Group will have a core loss for the Period attributable to owners of the Company of HK\$105.6 million (2023: HK\$43.1 million) and a core loss per share of HK\$0.06 (2023: HK\$0.02).

The major non-cash items represented the attributable net unrealised fair value loss on investment properties together with their respective deferred tax (if applicable) from the Group and its associates of HK\$316.7 million (2023: net gain of HK\$190.2 million).

### Dividends

No dividend was paid during the Period (2023: nil).

### Repurchase

During the Period, the Company had not repurchased any of the Company's share.

### Total Comprehensive Expenses/Income

Total comprehensive expenses for the Period attributable to owners of the Company was HK\$514.9 million or HK\$0.27 per share (2023: total comprehensive income of HK\$289.5 million or HK\$0.15 per share), which comprised (a) loss for the Period attributable to owners of the Company of HK\$422.3 million (2023: profit of HK\$146.6 million); and (b) other comprehensive expenses for the Period attributable to owners of the Company of HK\$92.6 million (2023: other comprehensive income of HK\$142.9 million) which mainly included (i) Pound Sterling ("GBP") exchange loss of foreign operations of HK\$51.6 million (2023: exchange gain of HK\$260.9 million); and (ii) unrealised loss of HK\$28.1 million (2023: HK\$30.8 million) on fair value change of an unlisted equity security at FVTOCI as a result of the decrease in the carrying amount of the unlisted equity security by the corresponding amount upon declaration of dividend of HK\$34.0 million (2023: HK\$36.0 million) (as disclosed in the sub-paragraph headed "Property Development and Trading" of paragraph headed "Results" above).

### **Net Asset Value**

As at 30 June 2024, the Group's net asset value attributable to owners of the Company amounted to HK\$13,696.6 million (31 December 2023: HK\$14,211.5 million), a decrease of HK\$514.9 million or 3.6% when compared with 31 December 2023. With the total number of ordinary shares in issue of 1,907,619,079 as at 30 June 2024 and 31 December 2023, the net asset value per share attributable to owners of the Company was HK\$7.18 (31 December 2023: HK\$7.45). The movement in net asset value represented total comprehensive expenses for the Period attributable to owners of the Company of HK\$514.9 million.

In view of the redevelopment plan of properties in Tsuen Wan, Hong Kong and “120 Fleet Street” in London, United Kingdom, certain redevelopment expenditures which have been authorised and contracted for have been disclosed in “Capital Commitments” in Note 14 to the unaudited condensed consolidated financial statements. Going forward, further investment in capital expenditures for these two redevelopment properties are planned.

Other than the existing projects and those disclosed in the interim results, the Group did not have material acquisition or disposal of assets and any future plans for material investment or capital assets.

### **Net Current Liabilities**

The Group recorded net current liabilities as at 30 June 2024 of HK\$1,097.6 million (31 December 2023: HK\$960.5 million), of which current assets were HK\$1,583.4 million (31 December 2023: HK\$1,555.1 million) and current liabilities were HK\$2,681.0 million (31 December 2023: HK\$2,515.6 million).

The Directors are of the opinion that there will be sufficient financial resources available to the Group to enable it to meet its liabilities as and when they fall due. The Group believes that the net current liabilities position as at 30 June 2024 would not have adverse financial effect to the Group’s liquidity or gearing position and the Group has ability to continue as a going concern.

### **Securities Investments**

The Group’s strategy is to maintain securities investment portfolio for treasury management and invest in securities investments and treasury products with attractive yield and good prospect in order to bring stable and satisfactory realised return in long run.

#### Securities Investments and Treasury Products

As at 30 June 2024, the portfolio of securities investments and treasury products of HK\$273.3 million (31 December 2023: HK\$342.4 million) comprised listed investments held-for-trading, bonds and derivative financial instrument (presented as financial assets/liabilities measured at FVTPL (non-current and current assets/liabilities)), representing 1.5% (31 December 2023: 1.8%) of total assets.

### **Risk Management**

The Group has established adequate risk management procedures that enable it to identify, measure, monitor and control various types of risk it faces. This is supplemented by active management involvement, effective internal controls and adequate internal audit in the best interests of the Group.

### **Equity**

The number of issued ordinary shares as at 30 June 2024 and 31 December 2023 were 1,907,619,079.

### **Debt and Gearing**

As at 30 June 2024, the Group’s total debt amounted to HK\$4,114.4 million (31 December 2023: HK\$3,933.8 million), comprised bank borrowings of HK\$4,053.8 million (31 December 2023: HK\$3,851.8 million) and lease liabilities of HK\$60.6 million (31 December 2023: HK\$82.0 million). Cash and deposits at banks amounted to HK\$836.8 million (31 December 2023: HK\$592.2 million), pledged deposits amounted to HK\$147.2 million (31 December 2023: HK\$152.9 million) and net debt (including lease liabilities) amounted to HK\$3,130.4 million (31 December 2023: HK\$3,188.7 million).

Total debt to equity ratio (including lease liabilities) was 30.0% (31 December 2023: 27.6%) and net debt to equity ratio (including lease liabilities) was 22.8% (31 December 2023: 22.4%), which are expressed as a percentage of total debt, and net debt, respectively, over the total equity of HK\$13,720.4 million (31 December 2023: HK\$14,235.1 million).

If the securities investments and treasury products of HK\$273.3 million (31 December 2023: HK\$342.4 million) are included, the net debt to equity ratio would be 20.8% (31 December 2023: 20.0%).

As at 30 June 2024, the Group's bank borrowings of HK\$4,053.8 million, 53.3%, 5.0%, 11.6% and 30.1% were on demand and/or repayable within 1 year, on demand (bank borrowings that contain repayment on demand clause but repayable within a period of more than 1 year), more than 1 year but within 2 years and more than 2 years but within 5 years respectively. Of which the Group's bank borrowings were denominated in HK\$ (63.4%) and GBP (36.6%). As at 30 June 2024, the Group's bank borrowings were carried at interest rates calculated with reference to cost of funds, Hong Kong Interbank Offered Rate or compounded reference rate and all the Group's bank borrowings were on floating rate basis. No hedging for interest rate is subsisted at the end of the reporting period.

### **Pledge of Assets**

As at 30 June 2024, the Group had pledged the following assets with their respective carrying amounts:

- (a) The Group's investment properties of HK\$9,253.7 million (31 December 2023: HK\$9,281.6 million), properties of HK\$39.8 million (31 December 2023: HK\$40.3 million) and bank deposits of HK\$147.2 million (31 December 2023: HK\$152.9 million) were pledged to the banks to secure general banking facilities granted to the Group.
- (b) Interests in certain subsidiaries of the Company have been pledged as part of the security to secure certain bank borrowings granted to the Group.

### **Financial and Interest Income/Expenses**

Interest income was included in revenue and investment expenses, net. Interest income for the Period decreased to HK\$19.6 million (2023: HK\$27.2 million), representing a decrease of 27.9% as compared with the same period of last year.

Finance costs included interest expenses on bank borrowings and lease liabilities; exchange difference on translation of foreign currency borrowings; and arrangement fee and facility and commitment fee expenses. Interest expenses (excluding interest expenses on lease liabilities) for the Period amounted to HK\$106.9 million, representing an increase of 0.4% over the same period of last year of HK\$106.5 million. Interest capitalised for the Period was HK\$10.4 million (2023: HK\$4.1 million). The average interest rate over the period under review was 6.19% (2023: 5.47%), which was expressed as a percentage of total interest paid (excluding interest on lease liabilities) over the average total interest-bearing borrowings.

### **Remuneration Policies**

As at 30 June 2024, the Group employed a total of 490 staff (31 December 2023: 495 staff) including about 252 staff (31 December 2023: 249 staff) employed under the estate management company in Hong Kong and 8 staff (31 December 2023: 9 staff) in the United Kingdom.

Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration packages comprised salary and year-end discretionary bonus based on market conditions and individual performance. The executive Directors continued to review employees' contributions and to provide them with necessary incentives and flexibility for their better commitment and performance.

### **United Kingdom and Mainland China**

As at 30 June 2024, the Group's investment properties (excluding properties occupied for own use) in the United Kingdom with carrying amount of GBP712.4 million (equivalent to approximately HK\$7,028.4 million) (31 December 2023: GBP705.4 million (equivalent to approximately HK\$7,023.7 million)) incurred a net loss of HK\$45.4 million (2023: net profit of HK\$131.5 million) to the Group for the Period, the loss mainly included in gross profit, other income, fair value changes on investment properties, administrative expenses, finance costs and taxation. Due to depreciation of GBP against HK\$ during the Period, GBP exchange loss of foreign operations included in other comprehensive expenses for the Period amounted to HK\$51.6 million (2023: exchange gain of HK\$260.9 million). As at 30 June 2024, the Group's net investment in the United Kingdom amounted to HK\$5,641.3 million (31 December 2023: HK\$5,517.3 million) representing 41.1% (31 December 2023: 38.8%) of the Group's total equity.

Loss incurred by the Group's investment in Mainland China (mainly included in administrative expenses, share of results of investments accounted for using the equity method and taxation) for the Period amounted to HK\$2.3 million (2023: HK\$3.2 million). Due to depreciation of Renminbi ("RMB") against HK\$ during the Period, RMB exchange loss of foreign operations included in other comprehensive expenses for the Period amounted to HK\$6.7 million (2023: HK\$5.1 million). The Group's net investment in Mainland China as at 30 June 2024 amounted to HK\$343.4 million (31 December 2023: HK\$352.5 million) representing 2.5% (31 December 2023: 2.5%) of the Group's total equity.

## **Property Valuation**

As at 30 June 2024, property valuations in respect of the Group's investment properties in Hong Kong and Mainland China were carried out by LCH (Asia-Pacific) (31 December 2023: Peak Vision Appraisals Limited), whereas property valuations of investment properties in the United Kingdom were carried out by Moore Transaction for both 30 June 2024 and 31 December 2023, all are independent qualified professional property valuers. The valuations were based on investment method and/or direct comparison method and/or residual method as the valuation methodologies and were used in preparing 2024 interim results.

The Group's investment properties were valued at HK\$13,808.6 million (31 December 2023: HK\$13,957.7 million), a decrease of 1.9% over 2023 after adjusted for the additions and exchange adjustments of investment properties during the Period. The decrease in fair value of HK\$273.6 million was recognised in the unaudited condensed consolidated statement of comprehensive income for the Period. The Group also shared a decrease in fair value of investment properties of associates of HK\$43.1 million for the Period.

The decline in fair value of HK\$273.6 million was mainly due to decrease in fair value of the properties in Hong Kong. The unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.

## **BUSINESS REVIEW**

### **Hong Kong Property Investment and Development**

As at 30 June 2024, the occupancy rate of the shops of Causeway Place in Causeway Bay was approximately 90.73%.

During the Period, the average occupancy rate of the office property, Harcourt House in Wanchai was approximately 74.14%. Together with the retail portion, the average occupancy rate of Harcourt House was approximately 75.81% during the Period.

Nos. 14–18 Ma Kok Street is an industrial site in Tsuen Wan. It will be redeveloped into a 25-storey industrial building (including 2 basement levels for parking and loading/unloading facilities). Its total gross floor area is approximately 227,950 square feet. Construction of the new development is currently underway, with the main contract works (basement and superstructure) in progress. The new building is expected to be completed by the second quarter of 2025 and presale of the industrial units is rescheduled to the fourth quarter of 2024.

Nos. 86 and 88 Apliu Street is a 25-storey residential-cum-commercial building in Sham Shui Po. During the Period, ground floor retail portion was fully let while other floors were let to a non-governmental organisation to operate a youth hostel in the name of Joseph's House under the "Youth Hostel Scheme – Subsidy Scheme for Using Hotels and Guesthouses as Youth Hostels" approved by the Government. Joseph's House consists a total of 42 rooms with up to 84 hostel places.

No. 1 Hung To Road (33.33% interest), a 33-storey industrial building in Kwun Tong, the occupancy rate was approximately 99.24% as at 30 June 2024.

Olympian City 3 (25% interest), the retail mall in The Hermitage residences in West Kowloon, the average occupancy rate was approximately 96.11% during the Period.

Coronation Circle (15% interest), the retail mall in The Coronation residences in West Kowloon, the average occupancy rate was approximately 29.85% during the Period.

Grand Central (10% interest) is a joint venture development project of the Group in Kwun Tong awarded by the Urban Renewal Authority, with a total gross floor area of around 1,853,561 square feet. It comprises two phases with 4 residential tower blocks and provides 1,999 residential units in aggregate. Up to 30 June 2024, all residential units of two phases were sold and completed.

Kai Tak Project (Kai Tak Area 2A Site 2 and Site 3) (10% interest) is a joint venture development project of the Group awarded by Government tender. Its total site area is approximately 145,303 square feet and its total gross floor area is around 992,279 square feet. It will be developed into a residential and retail development together with government, institution or community facilities. The development is expected to be completed by the fourth quarter of 2030.

### **Mainland China Property Investment**

Hilton Beijing (50% interest), a five-star international hotel having 506 rooms. 5th to 14th floors of the hotel main tower were pending for renovation. Therefore, as at 30 June 2024, there were 308 rooms available for rent and the occupancy rate was approximately 93.12%.

Oriental Place (50% interest), a 10-storey office building next to Hilton Beijing. As at 30 June 2024, the occupancy rate was approximately 84.28%.

### **Overseas Property Investment and Development**

“120 Fleet Street” consists of a freehold office building known as River Court and the Grade II\* listed Daily Express Building, situated at 116–129 Fleet Street, London, United Kingdom. River Court will be redeveloped into a 21-storey high rise Grade A office led, mixed use building with 2 basement levels, and is expected to comprise approximately 540,800 square feet of office space and approximately 18,600 square feet of retail space and will be renamed as Evergo Tower, while Daily Express Building will be retained and refurbished.

“14 St George Street” is a freehold office building located in London, United Kingdom with total net internal area of around 51,861 square feet. Office accommodation is arranged over lower ground, ground and four upper floors. Its average occupancy rate during the Period was approximately 81.73%.

“61–67 Oxford Street and 11–14 Soho Street” is a mixed use freehold building located in London, United Kingdom, comprising approximately 55,151 square feet in aggregate. The building provides retails, office and residential accommodation, occupying approximately 33,843 square feet, 13,694 square feet and 7,614 square feet respectively, over lower ground, ground and six upper floors. During the Period, the average occupancy rate was approximately 99.80%.

“11 and 12 St James’s Square and 14 to 17 Ormond Yard” is a mixed use freehold building located in London, United Kingdom. Its total net internal area is around 82,374 square feet. Office accommodation is arranged over lower ground, ground and six upper floors. The occupancy rate was approximately 14.21% during the Period on average. Upgrading works to part of the office spaces were in progress.

### **Securities Investment**

The Group’s strategy is to maintain securities investment portfolio for treasury management. As at 30 June 2024, the Group’s securities investment portfolio comprised of listed equity investments, bonds and treasury products. The Group’s primary objectives when managing capital are to safeguard the abilities of the entities in the Group to continue as a going concern, so that it can continue to provide returns for shareholders of the Company. The Group’s strategy for future investments is to invest in a diversified portfolio to minimise risks with attractive yield, good liquidity and issuers from reputable entities, so as to maintain a healthy financial status and grasp every good investment chance.

The net loss recognised from securities investments and treasury products for the Period was approximately HK\$31.3 million. Details of the performance of securities investments are disclosed in the “Financial Operation Review” of this announcement.

The Group will continue to closely monitor its portfolio of securities investment to achieve satisfactory returns.

## **PROSPECTS**

At the mid-way point of 2024, the global economy is continuing growing at a modest pace while economic normalisation is still underway. However, downside risks like persistently high interest rates, continuing geopolitical tensions and increasing climate change risks still predominate the economy.

On the domestic front, the hosting of various mega events with the support of the Government has raised public awareness and boosted inbound tourist arrivals and consumption activities, which have led to expansions in the first quarter of 2024. It is anticipated that the Government's proactive approach to support these kinds of mega events would continue to attract more tourists from around the world and drive the retail and food and beverage sectors, which would benefit our Group's retail investment properties.

Regarding the local residential property market, home prices are expected to remain suppressed due to increasing supply and aggressive discounts at new launch sales by property developers. However, as the United States is expected to enter into the interest rate cut phases later this year, thereby improving purchasing power and prices expectations, the residential market sentiment is expected to resume gradually.

After fourteen years in power, the United Kingdom Government recently changed leadership to the Labour Party. The new government is expected to introduce new measures to improve the economic and financial situations of the United Kingdom. It is hopeful that with the change of new administration, business and trade activities, as well as income levels of citizens will be gradually improved. Our property redevelopment project on hand, will be positioned to take advantages of the economic uplift, and the Group will continue to monitor and refine its asset portfolio at opportune times.

Looking forward, geopolitical tensions and climate change risks are likely to continue around the globe in the short to medium terms. However, with the United States interest rates expected to take the lead to global interest rates edging down, it is hopeful that business and investment activities would receive significant stimulations. The overall effects on property markets could be fluctuating with differential patterns among different property sectors and segments. The Group will continue to exercise caution on business planning and operations in order to safeguard and enhance stakeholders' values. Alongside, the Group will also continue incorporating corporate social responsibilities into our business operations in order to achieve long-term business values.

## **AUDIT COMMITTEE REVIEW**

The interim results for the Period are unaudited and have not been reviewed by the auditors of the Company. The Audit Committee of the Company, comprised all the Independent Non-executive Directors (the "INED(s)"), has reviewed with management the accounting principles and practices adopted by the Group and the unaudited condensed consolidated financial statements for the Period.

## **CORPORATE GOVERNANCE**

Throughout the Period, the Company had applied the principles and complied with the code provisions and certain recommended best practices set out in the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except the following deviation(s):-

### **Chairman / Non-executive Director Attending General Meeting**

Mr. Lau, Ming-wai, the Chairman of the Board and a Non-executive Director, was unable to attend the annual general meeting of the Company held on 24 May 2024 (the "AGM") as he had business engagement. Mr. Chan, Kwok-wai, the chairman of the Audit Committee and Remuneration Committee, was elected as the chairman of the AGM to ensure effective communication with shareholders of the Company at the AGM. The then chairman of Nomination Committee, Ms. Phillis Loh, Lai-ping had also attended the AGM.

## **BOARD OF DIRECTORS**

### **Resignation of INED and Change in Member of Board Committees**

Ms. Phillis Loh, Lai-ping ("Ms. Loh") has resigned as an INED, a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company respectively, and the chairman of the Nomination Committee of the Company with effect from 12 June 2024. In light of the resignation of Ms. Loh, the Board has appointed Mr. Ma, Tsz-chun, an INED, as the chairman of the Nomination Committee of the Company with effect from 12 June 2024. The Company had made relevant announcement on 12 June 2024.

The Board currently comprised seven Directors with INEDs representing more than one-third of the Board.



## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms without deviation from the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules (the “Model Code”). All Directors, after specific enquiries by the Company, confirmed that they had complied with the required standard set out in the Model Code and the said code of conduct during the Period.

The Company has also adopted a code of conduct regarding securities transactions by relevant employees on terms no less exacting than the required standard set out in the Model Code. All the relevant employees (the “Relevant Employees”) who, because of office or employment, are likely to be in possession of unpublished inside information in relation to the Group’s securities had been requested to follow such code when dealing in the securities of the Company. All Relevant Employees, after specific enquiries by the Company, confirmed that they had complied with the required standard set out in the said code during the Period.

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

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

## APPRECIATION

We would like to take this opportunity to express our gratitude to the shareholders for their continuing support. We would also like to express our sincere thanks to all staff members for their dedication and hard work.

On behalf of the Board  
**Lau, Ming-wai**  
Chairman

Hong Kong, 14 August 2024

*As at the date of this announcement, the Board comprised Ms. Chan, Hoi-wan and Ms. Chan, Lok-wan as Executive Directors, Mr. Lau, Ming-wai and Ms. Amy Lau, Yuk-wai as Non-executive Directors, and Mr. Chan, Kwok-wai, Mr. Leung, Yun-fai and Mr. Ma, Tsz-chun as Independent Non-executive Directors.*

Website: <https://www.chineseestates.com>

*This results announcement is published on the website of the Company (<https://www.chineseestates.com>) and the HKEXnews website (<https://www.hkexnews.hk>).*

*Results Highlights will also be posted on the Company’s website on 14 August 2024.*