

INTERIM REPORT 2024

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. Chan Kwok Wai
Mr. Lo Wai Tung Welman
Ms. Patricia Chan

AUDIT COMMITTEE

Mr. Chan Kwok Wai (*Chairman*)
Mr. Walujo Santoso, Wally
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. Lo Wai Tung Welman (*Chairman*)
Mr. Lu Wing Chi, Jesse
Mr. Lambert Lu
Mr. Walujo Santoso, Wally
Ms. Patricia Chan

AUTHORISED REPRESENTATIVES

Mr. Lambert Lu
Ms. Chow Siu Yin, Dora

COMPANY SECRETARY

Ms. Chow Siu Yin, Dora

LEGAL ADVISERS

Mayer Brown
Clifford Chance
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
Hang Seng Bank Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL PLACE OF BUSINESS

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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 2024



Grand Victoria, Hong Kong



Revenue

HK\$203.5 million

(2023: HK\$196.4 million)



Loss attributable to the Shareholders

HK\$72.0 million

(2023: HK\$436.9 million)



Net asset value ("NAV") and NAV per share of the Group attributable to the Shareholders as at 30 June 2024

HK\$8,624.0 million and HK\$14.3 respectively[#]

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

LOCATION OF THE GROUP'S PROPERTIES/PROJECTS

UNITED KINGDOM



London

CHINA

Hong Kong

UNITED KINGDOM

London

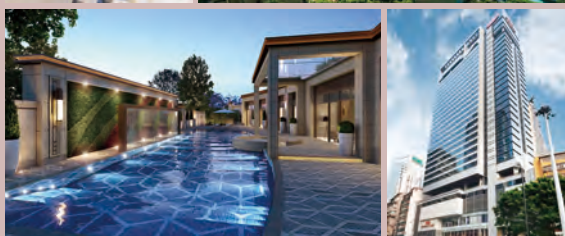
- 20 Moorgate
- 33 Old Broad Street



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 2024

GRAND VICTORIA

維 港 滙

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

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)

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.

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 2024

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: Site Formation Works in Progress

Expected Completion Date: 2028

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 2024

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

Number of Residential Units: 7 houses

Lease Expiry: 30 June 2047

Ownership Status: 100%

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.

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 2024

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 2024

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 2024

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 2024

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 2024

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 2024 amounted to HK\$203.5 million (2023: HK\$196.4 million). The revenue was principally attributable to the recognition of rental income from investment properties, revenue from hotel operation and income from financial investment.

The loss attributable to the Shareholders for the period amounted to HK\$72.0 million (2023: HK\$436.9 million), equivalent to a basic loss per share of HK12.0 cents (2023: HK72.6 cents). The loss attributable to the Shareholders in current period was mainly attributable to the finance cost of bank borrowings.

As at 30 June 2024, the Group's equity attributable to the Shareholders amounted to HK\$3,990.2 million (31 December 2023: HK\$4,087.0 million). The net asset value per share attributable to the Shareholders as at 30 June 2024 was HK\$6.6 as compared with HK\$6.8 as at 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	30 June 2024 HK\$' million	31 December 2023 HK\$' million
Hong Kong	4,868.5	5,192.9
The United Kingdom	3,749.2	3,769.4
Total	8,617.7	8,962.3

The Group's hotel property is stated at cost less accumulated depreciation charges at a carrying value of HK\$496.2 million as at 30 June 2024 (31 December 2023: HK\$506.2 million), whereas the market value as determined by valuation carried out by an independent property valuer is HK\$5,130.0 million (31 December 2023: HK\$5,130.0 million). For the purpose of providing supplementary information, if the carrying value of the Group's hotel property was restated to its market value, the adjusted total property assets, the adjusted net asset value and adjusted net asset value per share attributable to the Shareholders as at 30 June 2024 would be HK\$13,251.5 million (31 December 2023: HK\$13,586.1 million), HK\$8,624.0 million (31 December 2023: HK\$8,710.8 million) and HK\$14.3 (31 December 2023: HK\$14.5) respectively.

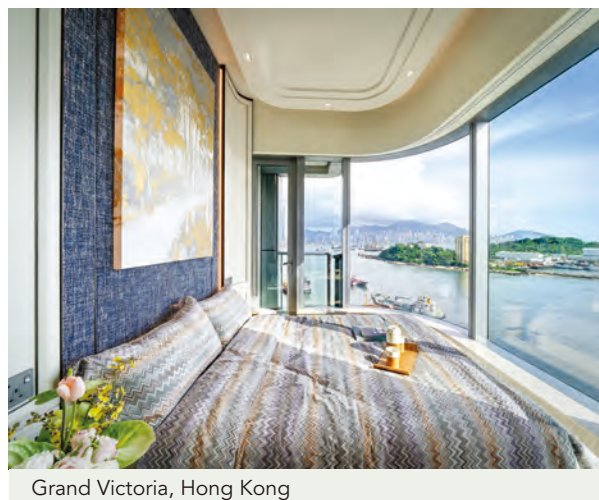
Interim Dividend

The Board has declared an interim dividend of HK2 cents per share for the six months ended 30 June 2024 (for the six months ended 30 June 2023: HK2 cents) to the Shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 25 September 2024. The relevant dividend warrants are expected to be despatched on or before Thursday, 10 October 2024.

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, UK (20 Moorgate and 33 Old Broad Street).



Grand Victoria, Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

Hong Kong

During the period, the Group continues its 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 1,240 units of the project have been sold with total sale proceeds of more than HK\$21.3 billion. During the period, the Group received approximately HK\$352.5 million (31 December 2023: HK\$800.0 million) cash repatriated from the project. As at 30 June 2024, the Group's interest in this joint venture was HK\$935.9 million (31 December 2023: HK\$1,267.9 million) (including loans to joint ventures) of which HK\$689.7 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 2024 remained relatively stable in this challenging time for office.

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

The Group also focuses on developing luxury residential projects. The Group collaborates with a joint venture partner to develop South Bay Road, Repulse Bay project. The joint venture was established in January 2023, which the Group holds 50% interest in the project. In addition, the Group also 100% holds a land site located at Jardine's Lookout for luxury residential development. The two development projects are progressing well according to their development schedules.



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



20 Moorgate, London

The United Kingdom

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

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. During the period, the rent increased by 13%.

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. During the period, the hotel performance were able to maintain stable occupancy rates and room rates, resulting in a relatively steady revenue performance.

The Group is taking all practicable measures to address the challenges and opportunities at hand. We understand the importance of delivering exceptional experience that exceed our guests' expectations. 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.



Crowne Plaza Hong Kong Causeway Bay, Hong Kong

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 2024, the Group held financial investment of approximately HK\$213.9 million (31 December 2023: HK\$200.3 million), which are comprised of listed equity and debt securities and unlisted investments.

During the period, the Group did not record any impairment loss (30 June 2023: HK\$208.2 million) on debt securities.



Crowne Plaza Hong Kong Causeway Bay, Hong Kong

Financial Resources and Liquidity

Treasury Policies

The Group adheres to prudent treasury policies. As at 30 June 2024, all of the Group's project borrowings are on a non-recourse basis, with no cross default at corporate level.

During the period, the Group continued to maintain high financial flexibility and liquidity under the environment of high interest rates and economic downturn. Following the lifting of all tightening control by the Hong Kong government, Grand Victoria experienced strong sales momentum, leading to the Group consistently receiving significant cash returns from the project. The Group's robust cash contributions from other investment projects and hotel further strengthen its ability to reduce gearing ratio and finance costs. Looking ahead, the Group does not anticipate significant refinancing needs until 2026. These factors demonstrate the Group's ample financial flexibility and liquidity.



Crowne Plaza Hong Kong Causeway Bay, Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

Working Capital and Loan Facilities

As at 30 June 2024, the Group's total available fund amounted to HK\$5,706.0 million (31 December 2023: HK\$5,516.2 million) which include the Group's total pledged bank deposits, bank balances and cash of HK\$2,470.5 million (31 December 2023: HK\$2,679.8 million) and unutilised facilities of HK\$3,235.5 million (31 December 2023: HK\$2,836.4 million). The 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) amounted to HK\$213.9 million as at 30 June 2024 (31 December 2023: HK\$200.3 million).

Included in the Group's loan facilities is a committed revolving club loan with approximately HK\$1,000.0 million facility amount provided by 7 participating banks. As of the end of the period, this facility has not been drawn and is set to expire in September 2024. Subsequent to the period under review, the committed revolving club loan is successfully renewed and executed with the same amount with the same participating banks.

All the 7 participating banks of the committed club loan are renowned financial institutions, which reflects their full confidence towards the outlook and creditworthiness of the Group. Under the current market conditions, the committed club loan provides the Group with abundant liquidity, ensuring financing flexibility for future business development.

The Group will continue enhancing its competitive strengths, in order to strive for stable and promising returns, and achieve mutually beneficial objectives.

As at 30 June 2024, the Group's bank borrowings was HK\$7,056.7 million (31 December 2023: HK\$7,647.7 million). The guaranteed notes were fully repaid during the year of 2023. After netting off the bank balance, cash and the financial investments, the Group had a net debt position of HK\$4,372.3 million (31 December 2023: HK\$4,767.6 million) with gearing ratio of 33.0% (31 December 2023: 35.1%) (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\$5,130.0 million (31 December 2023: HK\$5,130.0 million)).

As at 30 June 2024, maturity of the Group's outstanding borrowings was as follows:

	30 June 2024 HK\$' million	31 December 2023 HK\$' million
Due		
Within 1 year	1,818.8	2,324.3
1–2 years	72.3	697.6
3–5 years	4,694.1	3,696.4
Over 5 years	512.5	963.9
	7,097.7	7,682.2
Less: Unamortised front-end fee	(41.0)	(34.5)
	7,056.7	7,647.7

MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong, the total bank borrowings drawn as at 30 June 2024 amounted to HK\$4,532.1 million (31 December 2023: HK\$5,100.1 million) which comprised of secured bank borrowings of HK\$2,799.6 million (31 December 2023: HK\$2,811.5 million) and unsecured bank borrowings of HK\$1,732.5 million (31 December 2023: HK\$2,288.6 million). The secured bank borrowings were secured by properties with carrying value of HK\$3,476.2 million (31 December 2023: HK\$3,475.2 million) and pledged cash of HK\$53.9 million (31 December 2023: HK\$83.3 million).

Subsidiaries of the Company operating in UK pledged its investment properties with an aggregate carrying value of HK\$3,749.2 million as at 30 June 2024 (31 December 2023: HK\$3,769.4 million) and pledged cash of HK\$154.0 million (31 December 2023: HK\$150.9 million) to secure bank borrowings of HK\$2,565.6 million (31 December 2023: HK\$2,582.1 million).

Staff and Emolument Policy

As at 30 June 2024, the Group had a total of approximately 190 employees (2023: 181 employees) in Hong Kong. Employee costs, including the emoluments of the directors of the Group, amounted to HK\$48.7 million for the period ended 30 June 2024 (2023: HK\$50.7 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 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 external landscape remains complicated, with ongoing geopolitical tensions impacting trade and financial flows, possibly disrupting global supply chains. That said, global economy has exhibited resilience in the past months, maintaining steady growth as inflation is returning to target levels. The market widely believes that the US Federal Reserve will start cutting rates this year, though the timing and magnitude of rate cuts are still uncertain. While high interest rates are expected to persist, the shift towards a downward trend will improve global economic sentiment. According to the July 2024 World Economic Outlook from the International Monetary Fund (IMF), global economic expansion is forecasted at 3.2% for 2024 and 3.3% for 2025.



1 Shouson Hill Road East, Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

China's economy has struggled to mount a strong and sustainable post-COVID bounce, burdened by a prolonged property downturn, increasing local government debts and weak customer spending. The reported economic growth rate in second quarter was significantly lower than expected which shows the growth momentum appears to be weakening. In response, the central government has introduced various measures such as lowering mortgage rates and relaxing home purchase restrictions to boost home buying sentiment, and has achieved initial signs of improvement. The 5% growth target remains challenging, and further policy support may be necessary to support the domestic economy.

Hong Kong real estate market remains distressed and the travel industry struggles to rebound to pre-pandemic levels. Despite the lifting of all demand-side management measures for residential properties at the end of February, the recovery in home prices has remained slow. This can be attributed to the persistent high interest environment, insufficient buyer purchasing power, and the abundance of unsold inventory. Residential rental markets have shown positive signs, benefiting from continuous backing by incoming professionals and non-local students. Market generally believes that major central banks will have interest rates cut in the second half of the year, which could provide some support to economic confidence and spending.

The Hong Kong government has introduced various supportive measures to boost tourism industry, including the expansion of the Individual Visit Scheme to cover ten more mainland cities, the increase of the duty-free quotas for Mainland visitors per trip. Hong Kong will also hold over 100 mega events in the second half of 2024, bringing the total number of such events to at least 210 this year. However, factors like price discrepancies with neighboring countries and Greater Bay Area cities, alongside weaker currencies in these outbound destinations, persist in affecting hotel room rates.

The UK witnessed improved business conditions and confidence in the first half of 2024, albeit from a relatively low base, as concerns regarding external factors like inflation and interest rates gradually abated. Notably, the central bank's decision to reduce interest rates for the first time in over four years alleviated borrowing costs, easing financial burdens on households and investors. The outlook suggests a gradual economic recovery, although the process may take a substantial amount of time to fully materialize. The Group's UK property portfolio will sustain a stable rental income, supported by the long-term leases from reputable tenants.

Challenges remain not only due to the persistent geopolitical tensions and high interest rate but also the fundamental change of the business environment of Hong Kong. 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.



Grand Victoria, Hong Kong

CORPORATE GOVERNANCE AND OTHER INFORMATION

During the period for the six months ended 30 June 2024, the Company had applied the principles and complied with all the code provisions as set out in the CG Code contained in Appendix C1 to the Listing Rules. The Board continuous 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 review of the effectiveness of the Group's internal control systems covers financial, operational and compliance mechanisms and risk management functions (including the Group's ESG performance and reporting).

Securities Transactions by Directors and Employees

The Company has adopted the Model Code as set out in Appendix C3 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 2024.

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 2024, 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	–	–	–	648,000	0.11
Walujo Santoso, Wally	1,680,400	–	–	–	1,680,400	0.28
Chan Kwok Wai	–	–	–	–	–	–
Lo Wai Tung Welman	–	–	–	–	–	–
Patricia Chan	–	–	–	–	–	–

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 2024 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 2024, 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 2024, 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 2024 was 602,122,726 shares.

Saved as disclosed herein, as at 30 June 2024, 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 Schemes and Share Award Schemes

The Shareholders passed ordinary resolutions at the annual general meeting of the Company on 24 May 2024 approving the adoption of a new share option scheme (the "2024 Share Option Scheme") and a new share award scheme (the "2024 Share Award Scheme") for the purpose of conforming to the amendments to Chapter 17 of the Listing Rules which took effect on 1 January 2023.

Upon adoption of the 2024 Share Option Scheme and the 2024 Share Award Scheme, the share option scheme adopted on 29 May 2015 (the "2015 Share Option Scheme") and the share award scheme approved on 27 May 2010 (the "2010 Share Award Scheme") were terminated on 24 May 2024.

Principal terms of the 2015 Share Option Scheme and the 2010 Share Award Scheme are set out in the published annual report of the Company for the year ended 31 December 2023.

Details of adoption of the 2024 Share Option Scheme and the 2024 Share Award Scheme and termination of the 2015 Share Option Scheme and the 2010 Share Award Scheme are set out in the circular of the Company dated 26 April 2024.

1. 2015 Share Option Scheme and 2010 Share Award Scheme

The 2015 Share Option Scheme was adopted on 29 May 2015 and terminated on 24 May 2024. No share options had been granted, exercised, cancelled or lapsed under the 2015 Share Option Scheme during the period from 1 January 2024 to its termination on 24 May 2024. There were no outstanding options under the 2015 Share Option Scheme as at 1 January 2024 and 30 June 2024.

58,731,772 share options were available for grant under the 2015 Share Option Scheme as at 1 January 2024 and no options were available for grant following the termination of the 2015 Share Option Scheme.

The 2010 Share Award Scheme was approved on 27 May 2010 and terminated on 24 May 2024. No share awards had been granted, vested, cancelled or lapsed under the 2010 Share Award Scheme during the period from 1 January 2024 to its termination on 24 May 2024. There were no unvested awards under the 2010 Share Award Scheme as at 1 January 2024 and 30 June 2024.

39,917,365 awarded shares were available for grant under the 2010 Share Award Scheme as at 1 January 2024 and no awards were available for grant following the termination of the 2010 Share Award Scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION

2. 2024 Share Option Scheme and 2024 Share Award Scheme

The 2024 Share Option Scheme and the 2024 Share Award Scheme were adopted on 24 May 2024 and will be valid for a term of 10 years from the date of adoption, subject to early termination by the Company in general meeting or by the Board. No share options and awards had been granted, exercised, vested, cancelled or lapsed under the 2024 Share Option Scheme and the 2024 Share Award Scheme since their adoption and up to 30 June 2024.

The total number of shares in respect of all options and awards available for grant under the 2024 Share Option Scheme, the 2024 Share Award Scheme and any other share schemes of the Company as at the adoption date and 30 June 2024 was 60,212,272 shares of the Company (representing 10% of the total number of shares of the Company in issue as at the date of adoption).

A sub-limit of 3,010,613 shares of the Company (representing 0.5% of the total number of shares of the Company in issue as at the date of adoption) may be issued under the 2024 Share Option Scheme, the 2024 Share Award Scheme and any other share schemes of the Company to the services providers of the Group as at the date of adoption and 30 June 2024.

No share options and awards had been granted by the Company during the six months ended 30 June 2024. Accordingly, there were no shares of the Company that might be issued in respect of the share options and awards granted under all share schemes of the Company during the said period.

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 2024 are presented as follows:

	Combined statement of financial position HK\$ million	Group's attributable interests HK\$ million
Non-current assets	649	100
Current assets	7,693	1,577
Current liabilities	(670)	(98)
Total assets less current liabilities	7,672	1,579
Non-current liabilities		
– Bank borrowings	(469)	(235)
	7,203	1,344
Total equity (including capital contribution in form of loans to the affiliated companies)	7,203	1,344

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 2024.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 2024.

Update of Directors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the directors' information since the disclosure made in the Company's 2023 annual report up to 23 August 2024 (being the date of approval of this report) are set out below:

- Mr. Lo Wai Tung Welman has been appointed as the chairman of the Remuneration Committee with effect from 24 May 2024 and is entitled to an additional annual director's fee of HK\$100,000 for acting as the chairman of the said committee.
- Ms. Patricia Chan has been appointed as an Independent Non-executive Director and a member of the Remuneration Committee with effect from 24 May 2024.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 23 September 2024 to Wednesday, 25 September 2024 (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 Friday, 20 September 2024.

Review of Condensed Consolidated Financial Statements

The condensed consolidated financial statements of the Group for the six months ended 30 June 2024 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



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 58, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. 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

23 August 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
	NOTES		
Revenue	4		
– Renting of investment properties		100,905	96,453
– Hotel operation		90,897	91,967
– Return from financial investment			
– Interest income and others		11,743	7,955
Total revenue		203,545	196,375
Other income	5	15,808	12,061
Costs:			
Property and related costs	6	(2,262)	(1,912)
Staff costs		(48,664)	(50,659)
Depreciation and amortisation		(22,978)	(20,820)
Other expenses	7	(48,596)	(46,758)
		(122,500)	(120,149)
Profit before fair value changes on investment properties, impairment loss and other gains and losses		96,853	88,287
Fair value changes on investment properties		–	(185,713)
Profit (loss) after fair value changes on investment properties		96,853	(97,426)
Other gains and losses	8	(1,117)	35,224
Share of results of joint ventures		20,061	10,087
Impairment loss recognised on debt instruments at fair value through other comprehensive income ("FVTOCI")	20	–	(208,151)
Finance costs	9	(187,324)	(173,566)
Loss before taxation	10	(71,527)	(433,832)
Income tax expense	11	(519)	(3,024)
Loss for the period		(72,046)	(436,856)
Loss for the period attributable to the Company's shareholders		(72,046)	(436,856)
		HK cents	HK cents
		(unaudited)	(unaudited)
Basic and diluted loss per share for loss attributable to the Company's shareholders	13	(12.0)	(72.6)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June 2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
	NOTE		
Loss for the period		(72,046)	(436,856)
Other comprehensive income (expense):			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Fair value gain (loss) on equity instruments at FVTOCI		97	(12,104)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value gain (loss) on debt instruments at FVTOCI		2,850	(33,665)
Impairment loss recognised on debt instruments at FVTOCI	20	–	208,151
Reclassification to profit or loss upon disposal/derecognition of debt instruments at FVTOCI		1,908	26,398
Exchange differences arising on translation of foreign operations		(7,706)	70,516
Share of other comprehensive (expense) income of a joint venture		(3,836)	4,592
Other comprehensive (expense) income for the period		(6,687)	263,888
Total comprehensive expense for the period attributable to the Company's shareholders		(78,733)	(172,968)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	NOTES	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
Non-current assets			
Investment properties	14	6,735,845	6,744,962
Property, plant and equipment	15	556,024	576,667
Investments in joint ventures	16	744,120	722,160
Equity instruments at FVTOCI	17	93,696	92,991
Debt instruments at FVTOCI	18	17,834	15,889
Financial assets at fair value through profit or loss ("FVTPL")	19	64,981	54,100
Pledged bank deposits		189,944	190,156
Other assets		5,704	5,704
		8,408,148	8,402,629
Current assets			
Inventories		1,476	1,694
Loans to joint ventures	16	689,735	1,035,705
Debt instruments at FVTOCI	18	37,383	37,347
Trade and other receivables, deposits and prepayments	21	34,711	176,718
Pledged bank deposits		18,001	44,001
Cash and cash equivalents		2,262,512	2,445,668
		3,043,818	3,741,133
Current liabilities			
Payables, rental deposits and accrued charges	22	133,568	131,030
Tax liabilities		14,848	14,942
Lease liabilities		11,455	12,380
Bank borrowings – due within one year	23	1,805,254	2,310,653
		1,965,125	2,469,005
Net current assets		1,078,693	1,272,128
Total assets less current liabilities		9,486,841	9,674,757

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	NOTES	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
Capital and reserves			
Share capital	24	60,212	60,212
Reserves		3,930,019	4,026,816
Total equity		3,990,231	4,087,028
Non-current liabilities			
Payables, rental deposits and accrued charges	22	71,169	70,750
Lease liabilities		161,318	167,625
Bank borrowings – due after one year	23	5,251,411	5,337,063
Deferred taxation	25	12,712	12,291
		5,496,610	5,587,729
Total equity and non-current liabilities		9,486,841	9,674,757

The condensed consolidated financial statements on pages 27 to 58 were approved and authorised for issue by the Board of Directors on 23 August 2024 and are 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 2024

	Attributable to the 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 2023 (audited)	60,212	277,707	(80,188)	4,451	752	(642,987)	27,769	5,040,012	4,687,728
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
Loss for the period	-	-	-	-	-	-	-	(416,893)	(416,893)
Exchange differences arising on translation of foreign operations	-	-	2,266	-	-	-	-	-	2,266
Fair value loss on debt instruments at FVTOCI	-	-	-	-	-	(74,259)	-	-	(74,259)
Fair value gain on equity instruments at FVTOCI	-	-	-	-	-	529	-	-	529
Reclassification to profit or loss upon disposal/ derecognition of debt instruments at FVTOCI	-	-	-	-	-	523	-	-	523
Share of other comprehensive expense of a joint venture	-	-	-	-	-	(4,308)	-	-	(4,308)
Impairment loss recognised on debt instruments at FVTOCI	-	-	-	-	-	94,516	-	-	94,516
Other comprehensive income for the period	-	-	2,266	-	-	17,001	-	-	19,267
Total comprehensive income (expense) for the period	-	-	2,266	-	-	17,001	-	(416,893)	(397,626)
Reclassification upon disposal of equity instruments at FVTOCI	-	-	-	-	-	2,820	-	(2,820)	-
Lapse of share options	-	-	-	-	(473)	-	-	473	-
Dividends paid (note 12)	-	-	-	-	-	-	-	(12,042)	(12,042)
At 31 December 2023 (audited)	60,212	277,707	(7,406)	4,451	-	(429,794)	27,769	4,154,089	4,087,028

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to the 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
Loss for the period	-	-	-	-	-	-	-	(72,046)	(72,046)
Exchange differences arising on translation of foreign operations	-	-	(7,706)	-	-	-	-	-	(7,706)
Fair value gain on debt instruments at FVTOCI	-	-	-	-	-	2,850	-	-	2,850
Fair value gain on equity instruments at FVTOCI	-	-	-	-	-	97	-	-	97
Reclassification to profit or loss upon disposal/ derecognition of debt instruments at FVTOCI	-	-	-	-	-	1,908	-	-	1,908
Share of other comprehensive expense of a joint venture	-	-	-	-	-	(3,836)	-	-	(3,836)
Other comprehensive (expense) income for the period	-	-	(7,706)	-	-	1,019	-	-	(6,687)
Total comprehensive (expense) income for the period	-	-	(7,706)	-	-	1,019	-	(72,046)	(78,733)
Dividends paid (note 12)	-	-	-	-	-	-	-	(18,064)	(18,064)
At 30 June 2024 (unaudited)	60,212	277,707	(15,112)	4,451	-	(428,775)	27,769	4,063,979	3,990,231

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 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
NOTE	(unaudited)	(unaudited)
Net cash from operating activities	239,618	94,397
Investing activities		
Interest received from bank deposits	5,702	4,155
Release of pledged bank deposits	29,329	35,516
Placement of pledged bank deposits	(3,267)	(137,386)
Disposal/redemption of debt instruments at FVTOCI	72	784
Purchase of property, plant and equipment	(2,642)	(8,811)
Additions to investment properties	(7,589)	(2,981)
Proceeds from disposal of subsidiaries	29	341,472
Proceeds from disposal of club memberships	–	4,231
Purchase of financial assets at FVTPL	(3,328)	(2,180)
Repayment from (advances to) joint ventures in form of loan	340,235	(73,591)
Net cash from investing activities	358,512	161,209
Financing activities		
Drawdown of bank borrowings	1,190,000	943,500
Repayment of bank borrowings	(1,758,000)	(25,500)
Repayment of lease liabilities	(6,165)	(6,017)
Repayment of guaranteed notes	–	(1,105,870)
Payment of bank borrowings front-end fee	(6,484)	(5,500)
Interest paid	(181,870)	(191,126)
Dividends paid	(17,975)	(18,064)
Net cash used in financing activities	(780,494)	(408,577)
Net decrease in cash and cash equivalents	(182,364)	(152,971)
Cash and cash equivalents at beginning of period	2,445,668	2,457,973
Effect of foreign exchange rate changes	(792)	3,132
Cash and cash equivalents at end of period	2,262,512	2,308,134
Represented by:		
Cash and cash equivalents	2,262,512	2,308,134

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 D2 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 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

Application of amendments to HKFRSs

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 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of all 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 2024

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 2024 (unaudited)

	Property development HK\$'000	Property investment HK\$'000	Hotel operation HK\$'000	Financial investment HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE					
External revenue	–	100,905	90,897	11,743	203,545
SEGMENT RESULTS					
Segment profit	18,735	96,408	10,189	9,675	135,007
Unallocated interest income					5,702
Corporate expenses					(24,910)
Share of result of a joint venture					(2)
Finance costs					(187,324)
Loss before taxation					(71,527)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. SEGMENT INFORMATION *(continued)*

Segment revenues and results *(continued)*

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)

Segment results of the property investment division for the six months ended 30 June 2024 had no change in fair value of investment properties (for the six months ended 30 June 2023: a decrease in fair value of investment properties of HK\$185,713,000).

Segment results of the property development division for the six months ended 30 June 2024 had no amortisation of discount on acquisition of additional investment in joint ventures (for the six months ended 30 June 2023: HK\$57,095,000).

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 2024

4. REVENUE

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Renting of investment properties (note i)	100,905	96,453
Hotel operation (note ii)	90,897	91,967
Return from financial investment – interest income and others (note iii)	11,743	7,955
	203,545	196,375

Notes:

- i. Included in revenue generated from renting of investment properties, HK\$100,905,000 (for the six months ended 30 June 2023: HK\$96,453,000) 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 2024, revenue from hotel operation, which arose from contracts with customers comprises of (i) hotel room revenue of HK\$75,055,000 (for the six months ended 30 June 2023: HK\$73,318,000) being recognised over time and based on output method; (ii) food and beverage sales of HK\$11,057,000 (for the six months ended 30 June 2023: HK\$13,405,000) and ancillary service of HK\$1,198,000 (for the six months ended 30 June 2023: HK\$1,818,000) being recognised at point in time. The remaining revenue of HK\$3,587,000 (for the six months ended 30 June 2023: HK\$3,426,000) is rental income from leasing of hotel's retail portion under operating lease in which the lease payments are either fixed or variable that are based on the percentage of monthly sales and minimum monthly fixed payments that are fixed over the lease terms, whichever is higher.
- iii. Interest income and others include interest income from listed debt securities and time deposits of HK\$10,739,000 (for the six months ended 30 June 2023: HK\$7,688,000) and dividend income from listed equity securities of HK\$1,004,000 (for the six months ended 30 June 2023: HK\$267,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

5. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income from bank deposits	5,702	4,155
Management fee income (note 27)	7,917	5,278
Government grants	–	1,704
Others	2,189	924
	15,808	12,061

For the six months ended 30 June 2024, the Group had no government grants (for the six months ended 30 June 2023: HK\$1,704,000) from the Employment Support Scheme, Designated Quarantine Hotel Scheme under the Anti-Epidemic Fund of the Hong Kong Government as well as Reimbursement of Maternity Leave Pay Scheme.

6. PROPERTY AND RELATED COSTS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Selling and marketing expenses	270	216
Direct operating expenses on investment properties	1,992	1,696
	2,262	1,912

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

7. OTHER EXPENSES

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Included in other expenses are:		
Hotel operating expenses	28,766	29,471
Legal and professional fees	4,282	3,775

8. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net exchange gains	791	654
Loss on disposal/derecognition of debt instruments at FVTOCI	(1,908)	(26,398)
Gain on disposal of club memberships	–	3,226
Amortisation of discount on acquisition of additional investments in joint ventures (note 16)	–	57,095
Others	–	647
	(1,117)	35,224

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

9. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank borrowings:		
Interest on bank borrowings	171,753	154,777
Amortisation of bank borrowings front-end fee	8,520	8,717
	180,273	163,494
Guaranteed notes:		
Interest on guaranteed notes	–	2,710
Amortisation of guaranteed notes issue costs	–	103
	–	2,813
Lease liabilities:		
Interest on lease liabilities	2,666	2,744
Other charges	4,385	4,515
	187,324	173,566

10. LOSS BEFORE TAXATION

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(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 (2023: HK\$4,892,000))	22,978	20,810
Amortisation of club memberships	–	10
Loss on disposal of property, plant and equipment	307	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

11. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax	18	19
Deferred tax: Current year	501	3,005
	519	3,024

12. DIVIDENDS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Dividends recognised as a distribution during the period:		
Final dividend for the year ended 31 December 2023 of HK3 cents per share (2023: final dividend for the year ended 31 December 2022 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 2023: HK2 cents per share amounting to HK\$12,042,000 in aggregate) will be paid to the Shareholders whose names appear on the register of members of the Company on 25 September 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

13. LOSS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the purpose of basic loss per share:		
Loss for the period attributable to the Company's shareholders	(72,046)	(436,856)

	Number of shares	
	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	602,122,726	602,122,726

No diluted loss per share is presented as there was no potential ordinary share in issue during the six months ended 30 June 2024. As the Group incurred losses for the six months ended 30 June 2023, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be antidilutive. Accordingly, dilutive loss per share for the six months ended 30 June 2023 is the same as basic loss per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 2024 HK\$'000 (unaudited)	Class of properties	Valuation methodology	Fair value hierarchy	Unobservable key inputs to the valuation	Sensitivity analysis
Completed investment properties						
CBRE Advisory Hong Kong Limited* and Knight Frank Petty Limited**	2,284,000	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 69.2% to 128.5% Hong Kong commercial units' adjusting factors for nature, location and conditions of the property ranging from 69.1% to 139.6%	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® and Colliers International Valuation UK LLP¹	3,749,245	Commercial building in UK	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 4.8% to 5.5% 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	The 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 86.0% to 125.0%	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†	696,000	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 2024

14. INVESTMENT PROPERTIES *(continued)*

- * CBRE Advisory 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.
- ** Knight Frank Petty 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 the valuation technique used in the prior 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 paid approximately HK\$7,589,000 (for the six months ended 30 June 2023: HK\$2,981,000) 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\$600,000 (for the six months ended 30 June 2023: HK\$750,000).

During the current interim period, there is no changes in fair value of investment properties (for the six months ended 30 June 2023: fair value loss of HK\$185,713,000). This includes a fair value gain on investment properties located in UK of HK\$4,119,000 (for the six months ended 30 June 2023: fair value loss of HK\$186,282,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

15. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group paid HK\$2,642,000 (for the six months ended 30 June 2023: HK\$8,811,000) for additions of property, plant and equipment.

16. INVESTMENTS IN JOINT VENTURES/LOANS TO JOINT VENTURES

During the six months ended 30 June 2024, no amortisation of discount on acquisition of additional investments in joint ventures (for the six months ended 30 June 2023: HK\$57,095,000) has been recognised in the profit or loss.

The loans to joint ventures are unsecured, interest-free and have no fixed terms of repayment as at 30 June 2024 and 31 December 2023. Included in the loans to joint ventures, there is an amount of HK\$689,735,000 (31 December 2023: HK\$1,035,705,000) 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\$683,309,000 (31 December 2023: HK\$677,574,000) is not expected to be recovered within one year from the end of the reporting period. In the opinion of the Directors, the loans are considered as part of the Group's net investment in the joint ventures.

17. EQUITY INSTRUMENTS AT FVTOCI

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
Equity instruments unlisted and listed in Hong Kong, United States and Singapore	93,696	92,991

The above equity investments represent ordinary shares of entities listed in Hong Kong and United States, unlisted perpetual securities incorporated in the Cayman Islands and listed perpetual securities listed in Singapore. These investments are not held for trading. Instead, they are held for long-term strategic purposes. The 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 28.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

18. DEBT INSTRUMENTS AT FVTOCI

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
Listed debt securities (note)	55,217	53,236
Analysed for reporting purposes as:		
Current assets	37,383	37,347
Non-current assets	17,834	15,889
	55,217	53,236

Note: The listed debt securities include the securities which was overdue or maturing between August 2024 to September 2031 (31 December 2023: was overdue or maturing between August 2024 to January 2031). The interest of those securities are fixed ranging from 0.0% to 12.0% (31 December 2023: 0.0% to 12.0%) per annum.

During the six months ended 30 June 2024, interest income generated from listed debt securities was HK\$780,000 (for the six months ended 30 June 2023: HK\$2,741,000) and fair value gain was HK\$2,850,000 (fair value loss for the six months ended 30 June 2023: HK\$33,665,000), which were recognised in profit or loss and other comprehensive income respectively.

Details of fair value measurement are disclosed in note 28 and impairment assessment are disclosed in note 20.

19. FINANCIAL ASSETS AT FVTPL

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
Unlisted investments – Unit fund	64,981	54,100
Analysed for reporting purposes as:		
Non-current assets	64,981	54,100

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Impairment loss recognised on debt instruments at FVTOCI	–	208,151

In light of the current liquidity issue of property developers of the PRC, 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 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 2024 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

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

				Gross carrying amount	
				30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
External credit rating	Internal credit rating	12m ECL or lifetime ECL			
Debt instruments at FVTOCI					
Listed debt instruments	Unrated (31.12.2023: Unrated)	N/A	12m ECL (note i)	34,436	32,014
	C to Withdrawn rating (31.12.2023: Ca to Withdrawn rating)	N/A	Lifetime ECL (credit-impaired) (note ii)	8,600	12,181
	Withdrawn rating (31.12.2023: Withdrawn rating)	N/A	Purchased or originated credit-impaired ("POCI") (note iii)	12,181	9,041

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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

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) 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.

- (iii) 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.

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	POCI HK\$'000	Total HK\$'000
As at 1 January 2023 (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
Transfer to lifetime ECL (credit-impaired)	–	25	(25)	–	–
Impairment loss recognised (other than those due to derecognition)	–	–	66,382	28,134	94,516
Derecognition	–	–	(90,217)	–	(90,217)
Exchange adjustments	–	(25)	(2,925)	(75)	(3,025)
As at 31 December 2023 (audited)	54	–	947,045	28,059	975,158
Derecognition	–	–	(85,872)	(4,485)	(90,357)
Exchange adjustments	–	–	89	5	94
As at 30 June 2024 (unaudited)	54	–	861,262	23,579	884,895

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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

		Six months ended 30 June 2024			
		(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)	POCI HK\$'000 (unaudited)
Note					
Derecognition of debt instruments at FVTOCI with gross carrying amount of HK\$3,162,000 under substantial modification	(iv)	–	–	(85,872)	(4,485)

		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)	POCI HK\$'000 (unaudited)
Notes					
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	(iii)	–	–	208,301	–
Derecognition of debt instruments at FVTOCI with gross carrying amount of HK\$101,067,000 under substantial modification	(iv)	–	–	(78,012)	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 2023: HK\$54,000) has been recorded in respect of the debt instruments at FVTOCI with gross carrying amount of HK\$34,436,000 (31 December 2023: HK\$32,014,000) based on 12m ECL, of which no impairment loss (for the six months ended 30 June 2023: HK\$150,000) 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 the current interim period, the Group has reclassified the relevant listed debt instruments with gross carrying amount of HK\$nil (31 December 2023: HK\$24,210,000) as credit-impaired from lifetime ECL (not credit-impaired). No impairment loss (for the six months ended 30 June 2023: HK\$17,387,000) has been transferred from lifetime ECL (not credit-impaired) to lifetime ECL (credit-impaired).
- (iii) 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 the current interim period, the Group has classified the relevant listed debt instruments with gross carrying amount of HK\$8,600,000 (31 December 2023: HK\$12,181,000) as credit-impaired. Accumulated impairment loss of HK\$861,262,000 (31 December 2023: HK\$947,045,000) had been recorded in respect of these listed debt instruments, of which no impairment loss (for the six months ended 30 June 2023: HK\$208,301,000) had been recognised in profit or loss during the period.
- (iv) During the period ended 30 June 2024, the Group had derecognised certain listed debt instruments issued by the PRC property developers with gross carrying amount of HK\$3,162,000 (31 December 2023: HK\$207,782,000) due to change of contractual terms under the debt restructuring plan resulting in a substantial modification and initial recognition of new listed debt securities, perpetual securities and ordinary shares of that PRC property developers and the unlisted perpetual securities at fair value. After debt restructuring, ordinary shares of PRC property developer and the listed perpetual securities have been recognised at fair value of HK\$387,000 and HK\$155,000 at initial recognition respectively.

Accumulated impairment loss of HK\$90,357,000 (31 December 2023: HK\$168,229,000) had 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\$38,315,000 (for the six months ended 30 June 2023: HK\$22,432,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

21. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
Trade receivables (note i)	2,235	5,342
Prepaid front-end fee	6,484	15,645
Deposit paid for acquisition of properties (note ii)	–	127,508
Deposits, prepayments and other receivables	25,992	28,223
	34,711	176,718

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) As at 31 December 2023, the amounts represented a refundable stamp duty in relation to the acquisition of a property at Jardine's Lookout, Hong Kong which has been fully refunded to the Group during the current interim period.

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 aging analysis of trade receivables presented based on the invoice date.

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
0 to 30 days	2,100	5,060
31 to 60 days	135	282
	2,235	5,342

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

22. PAYABLES, RENTAL DEPOSITS AND ACCRUED CHARGES

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

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
0 to 60 days	763	1,482
Trade payables	763	1,482
Rental deposits	8,120	9,232
Rental received in advance	45,083	42,228
Other payables, other deposits and accrued charges	136,483	134,019
Interest payables	14,288	14,819
	204,737	201,780
Analysed for reporting purposes as:		
Current liabilities	133,568	131,030
Non-current liabilities	71,169	70,750
	204,737	201,780

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

23. BANK BORROWINGS

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
Secured	5,365,148	5,393,646
Unsecured	1,732,500	2,288,600
	7,097,648	7,682,246
Less: front-end fee	(40,983)	(34,530)
	7,056,665	7,647,716
Less: amounts due within one year shown under current liabilities	(1,805,254)	(2,310,653)
Amounts shown under non-current liabilities	5,251,411	5,337,063

During the current interim period, the Group repaid bank borrowings amounting to HK\$1,758,000,000 (for the six months ended 30 June 2023: HK\$25,500,000) and drew bank borrowings which carried interest at variable rates amounting to HK\$1,190,000,000 (for the six months ended 30 June 2023: HK\$943,500,000).

24. 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 2023, 31 December 2023 and 30 June 2024 (note)	602,122,726	60,212

Note: 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 2024 and the year ended 31 December 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

25. DEFERRED TAXATION

The balance at the end of the current interim period mainly represents deferred tax liabilities recognised on the net accelerated tax depreciation offset with tax loss recognised of HK\$12,712,000 (31 December 2023: HK\$12,291,000).

26. 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 with an aggregate carrying value of HK\$6,729,245,000 (31 December 2023: HK\$6,738,362,000) 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\$496,155,000 (31 December 2023: HK\$506,166,000) 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 of HK\$207,945,000 (31 December 2023: HK\$234,157,000).

27. 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	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Management fee income from a related company	(a)	7,917	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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

27. RELATED PARTY DISCLOSURES *(continued)*

(II) Compensation of key management personnel

The remuneration of the Directors who are the Group's key management personnel during the current interim period amounted to HK\$7,852,000 (for the six months ended 30 June 2023: HK\$7,819,000).

28. 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.

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 2024

28. 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 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)		
Listed equity investments classified as equity instruments at FVTOCI (note 17)	93,696	92,991	Level 1	The fair value is quoted price in an active market.
Listed debt securities classified as debt instruments at FVTOCI (note 18)	48,859	49,554	Level 1	The fair value is quoted price in an active market.
Listed debt securities classified as debt instruments at FVTOCI (note 18)	6,358	3,682	Level 3	The fair value is based on discounted cash flow methodology with reference to the expected credit loss rate ranging from 97% to 100% applied on estimated cash inflow from the listed debt securities. A 1% change positive/negative in the expected credit loss rate used would result in increase/decrease in the fair value of HK\$9,678,000/HK\$1,320,000.

There were no transfers between Level 1, 2 and 3 during the period.

Reconciliation of Level 3 Measurements

Listed debt securities classified as debt instruments at FVTOCI

	HK\$'000
At 1 January 2023 and 30 June 2023	–
Transfers into level 3	3,682
At 31 December 2023	3,682
Fair value gain recognised in other comprehensive income	2,676
At 30 June 2024	6,358

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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

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)

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.

Except mentioned above, the 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.

29. DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June 2023, the Group has completed the disposal of 50% equity interests in Time Trade Global Limited ("Time Trade"), a wholly-owned subsidiary of the Group before the disposal, to an independent third party, Hon Kwok Land Investment Company, Limited to form a joint venture.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

29. DISPOSAL OF SUBSIDIARIES *(continued)*

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

30. CAPITAL COMMITMENTS

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements:		
– redevelopment of investment properties	14,855	20,697
– investment fund contribution	–	8,383
	14,855	29,080

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 meanings 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;
"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 C3 to the Listing Rules;
"NLI"	Nan Luen International Limited, an exempted company incorporated in Bermuda with limited liability;

GLOSSARY

"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.

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