Oriental Explorer

Oriental Explorer Holdings Limited
東方興業控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 0430)

ANNUAL REPORT
2023

Oriental Explorer

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lau Chi Yung, Kenneth *(Chairman)*
Mr. Lau Michael Kei Chi
(Vice-Chairman and Managing Director)

Independent Non-executive Directors

Mr. Tsui Ka Wah
Mr. Lo Kam Cheung, Patrick
Mr. Lo Mun Lam, Raymond

AUDIT COMMITTEE

Mr. Lo Kam Cheung, Patrick *(Chairman)*
Mr. Lo Mun Lam, Raymond
Mr. Tsui Ka Wah

REMUNERATION COMMITTEE

Mr. Tsui Ka Wah *(Chairman)*
Mr. Lau Chi Yung, Kenneth
Mr. Lau Michael Kei Chi
Mr. Lo Kam Cheung, Patrick
Mr. Lo Mun Lam, Raymond

NOMINATION COMMITTEE

Mr. Lau Chi Yung, Kenneth *(Chairman)*
Mr. Lau Michael Kei Chi
Mr. Tsui Ka Wah
Mr. Lo Kam Cheung, Patrick
Mr. Lo Mun Lam, Raymond

COMPANY SECRETARY

Ms. Tang Cheung Kai, Kinnie
(appointed on 26 October 2023)
Mr. Li Ying Leung
(resigned on 26 October 2023)

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications (Hong Kong) Limited
Bank J. Safra Sarasin Ltd, Hong Kong Branch
Bank of China

SOLICITORS

Ng and Fang Solicitors & Notaries
Wong & Tang Solicitors

AUDITOR

Elite Partners CPA Limited
Certified Public Accountants
and Registered Public Interest Entity Auditor
23/F, YF Life Tower
33 Lockhart Road
Wan Chai
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Units 22-28, 25/F
Tower A, Southmark
11 Yip Hing Street
Wong Chuk Hang
Hong Kong

PRINCIPAL SHARE REGISTRAR & TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR & TRANSFER OFFICE

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the board of directors (the "Board") of Oriental Explorer Holdings Limited (the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2023.

REVIEW OF OPERATION

Property investment

The Group's investment properties mainly comprise offices, industrial and residential units in Hong Kong. These investment properties contributed rental revenue of approximately HK$23.4 million (2022: HK$24.6 million) for the year ended 31 December 2023. The decrease in rental revenue was caused by weakened demand in Hong Kong office spaces.

FINANCIAL REVIEW

During the year ended 31 December 2023, the Group recorded a loss of approximately HK$40.8 million (2022: profit of HK$12.2 million), mainly caused by (i) the decrease in rental revenue of approximately HK$1.2 million or 5% to approximately HK$23.4 million (2022: HK$24.6 million) during the year; (ii) the rise in finance costs of over 2 times to approximately HK$7.6 million (2022: HK$3.4 million); and (iii) fair value loss of investment properties of approximately HK$44.6 million (2022: fair value gain of HK$1.5 million).

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

The Group did not have any material acquisitions or disposals of subsidiaries, associated companies and joint ventures during the year ended 31 December 2023.

FOREIGN CURRENCY EXPOSURE

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollar and the United States dollar. The Group is exposed to foreign exchange risk with respect mainly to Renminbi which may affect the Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Group and when appropriate hedge its currency risk.

As at 31 December 2023, the Group had no financial instrument for foreign currency hedging purpose.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flows and banking facilities provided by principal bankers in Hong Kong. The Group's cash and cash equivalents as of 31 December 2023 amounted to approximately HK$159.0 million (31 December 2022: HK$173.8 million).

As at 31 December 2023, total borrowings of the Group amounted to approximately HK$294.7 million (2022: HK$307.9 million), comprised amounts due to fellow subsidiaries of approximately HK$150.7 million (2022: HK$159.3 million), amount due to a director of nil (2022: approximately HK$1.6 million) which were unsecured, interest-free and repayable on demand and interest-bearing bank borrowings of approximately HK$144.0 million (2022: HK$147.0 million) which were secured by legal charges on the Group's certain investment properties in Hong Kong. The Group's bank borrowings were mainly arranged on a floating rate basis.

The maturity of bank borrowings of the Group as at 31 December 2023 is as follows:

	HK$'000
Within one year	3,000
In the second year	3,000
In the third to fifth years, inclusive	138,000
Total	144,000

As at 31 December 2023, the Group's gearing ratio, being total borrowings divided by total equity, was approximately 20.02% (31 December 2022: 20.25%).

CHARGES ON GROUP ASSETS

Details of charges on Group assets are set out in Note 21 to the consolidated financial statements.

CONTINGENT LIABILITY

As of 31 December 2023, the Group had no material contingent liability.

EVENTS AFTER THE REPORTING PERIOD

On 8 March 2024, Rich Return Development Sdn. Bhd. ("Rich Return") (an indirect wholly-owned subsidiary of the Company) entered into a share subscription, share sale and shareholders' agreement (the "Agreement") with Securidon Sdn. Bhd. ("Securidon"), Temokin Development Sdn. Bhd. ("Temokin") and Torus Development Sdn. Bhd. (the "JV Company") in respect of formation of a joint venture (the "Joint Venture") for engaging in the acquisition and development of the land. The total maximum capital commitment of Rich Return in the JV Company is RM65,000,000 (equivalent to approximately HK$106,022,000).

Upon completion of the transactions, the JV Company will be owned as to 49% by Rich Return, 30% by Securidon and 21% by Temokin respectively. The JV Company will not be a subsidiary of the Company, and its financial results will not be consolidated into the consolidated financial statements of the Company.

For details, please refer to the announcement of the Company dated 8 March 2024.

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2023, the Group had approximately 6 employees in Hong Kong. During the year, the staff costs (including directors' emoluments) amounted to approximately HK$2.6 million (2022: HK$2.4 million).

The objective of the Group's remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration paid to its employees (including directors and senior management), their performance, experience and the prevailing market condition are mainly considered. In addition to salaries, provident fund scheme, discretionary bonuses and tuition/training subsidies are available to employees. Level of remuneration is reviewed annually. During the review process, no individual director is involved in decisions relating to his own remuneration.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECT

The global business environment in 2023 has been challenging due to geopolitical conflicts. Furthermore, global inflation and high interest rates in particular has heavily impacted the economic growth in Hong Kong and China. This impact has altogether resulted in weakened business sentiment and slowed down post-Covid economic recovery in the region.

The Hong Kong government has relaxed property stamp duty requirements in the first quarter of 2024, which has led to a marked improvement in the Hong Kong real estate market sentiment in recent months. However due to significant impact from geopolitical tensions and a prolonged high-interest rate environment, we expect that the Hong Kong economy and property markets will continue to be slow in the first half of 2024.

In Malaysia, the relaxation of visa regime for Chinese travelers and wider favorable investment policies have attracted many international and Chinese manufacturing corporations to set up businesses in the country in recent years. Therefore, it is expected that tourism and business investment to Malaysia will lead to wider economic growth for the country and benefit the property sector. The Group is investing in Malaysia in a mission to further diversify the Group's property investment and development portfolio. The Group is actively seeking opportunities to acquire high quality properties and land banks to expand our business.

ACKNOWLEDGEMENT

On behalf of the Board and management team, I would like to thank our shareholders who have extended to us their trust and have been patient with our efforts on exploring business opportunities. Again, I would like to thank my fellow directors and staff for their loyalty and efforts during the past year. I believe that we will create greater value to our investors in the future.

Lau Chi Yung, Kenneth
Chairman

Hong Kong, 25 March 2024

BRIEF BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. LAU Chi Yung, Kenneth, aged 64, joined the Group in 1995. He is the Chairman of the Company. He is also the Chairman and Director of Multifield International Holdings Limited (Stock Code: 898) ("Multifield International"), whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

Mr. LAU Michael Kei Chi, aged 70, joined the Group in 2003. He is the Vice-Chairman and Managing Director of the Company. He is also the Vice-Chairman and Managing Director of Multifield International and is the elder brother of Mr. Lau Chi Yung, Kenneth.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. TSUI Ka Wah, aged 71, joined the Group as an Independent Non-executive Director in 2010. He has 28 years of banking experience with United States and local banks, and has held various management positions in corporate, retail and private banking. Until 2009, he was the President of Great China Region for a U.S. bank, overseeing operations in Taiwan, the People's Republic of China and Hong Kong. Since August 2013, he has held the position of Chief Executive Officer of SME Credit Company Limited. Mr. Tsui holds a Bachelor Degree and a Master Degree of Business Administration from the Chinese University of Hong Kong. He is also an Independent Non-executive Director of Multifield International, Southeast Asia Properties & Finance Limited (Stock Code: 252) and Grand Ming Group Holdings Limited (Stock Code: 1271) respectively.

Mr. LO Mun Lam, Raymond, aged 71, joined the Group as an Independent Non-executive Director in 2021. He is a Chartered Accountant and Corporate Finance designate of the ICAEW (FCA/CF), a Chartered Surveyor (FRICS) and a Chartered Arbitrator (FCIArb.). He is also a Trust & Estate Practitioner (TEP). Mr. Raymond Lo held both directorate and executive positions with multinational corporations, advisory and financial institutions in the past 30 years.

Mr. Raymond Lo is currently an executive director of Amasse Capital Holding Limited, a company listed on the Growth Enterprise Market of the Stock Exchange (Stock Code: 8168), and is also a responsible officer of Amasse Capital Limited for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance.

Mr. Raymond Lo has been an independent non-executive director of China Datang Corporation Renewal Power Company Limited (Stock Code: 1798) and China CITIC Financial Asset Management Co., Ltd. (formerly known as China Huarong Asset Management Co., Ltd.) (Stock Code: 2799), since August 2013 and December 2023, respectively. He is also currently an independent non-executive director of Multifield International.

Mr. LO Kam Cheung, Patrick, aged 70, joined the Group as an Independent Non-executive Director in 2021. He is a Chartered Accountant in the United Kingdom and Canada, a fellow member of the Hong Kong Institute of Certified Public Accountants, and a member of the Hong Kong Institute of Directors, with extensive experience in auditing and risk advisory. Mr. Patrick Lo had served with a big 4 accounting firm for over 10 years, and had managed the internal audit and risk management functions of a fully licensed bank and a mobile operator in Hong Kong respectively for a total of over 15 years. Mr. Patrick Lo joined RSM Hong Kong in 2007 as a partner overseeing its Risk Advisory Services Department. Before retiring from the firm in 2019, Mr. Patrick Lo had participated in initial public offering assignments of over 50 successfully listed companies. The team led by Mr. Patrick Lo at the firm had also provided internal audit, risk management and corporate governance advisory services to more than 20 companies listed in Hong Kong, Singapore, the United States, and the United Kingdom respectively. Mr. Patrick Lo is currently a Senior Advisor of RSM Hong Kong.

Mr. Patrick Lo was an independent non-executive director of Da Sen Holdings Group Limited (Stock Code: 1580) from May 2021 to March 2022. He is also currently an independent non-executive director of Multifield International.

BRIEF BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Ms. SIU Wai King, Donna, aged 59, joined the Group in 1992. She is the General Manager of the Group. She is responsible for the Group's Hong Kong property business and headquarter's operations and has over 30 years' experience in property business.

Ms. LAU Phoebe, aged 34, joined the Group in 2013. She is the Deputy General Manager of the Group's Hong Kong business. She holds a Bachelor of Laws degree from University of Bristol and a Master of Science in Real Estate from The University of Hong Kong. She has over 10 years experience in the property business. She is the daughter of Mr. LAU Chi Yung, Kenneth and the niece of Mr. LAU Michael Kei Chi.

Ms. TANG Cheung Kai, Kinnie, aged 42, was appointed as the Company Secretary of the Company in October 2023. She also served as Manager of Accounting Department of the Group. She holds a Bachelor Degree in Accounting and is a member of the Hong Kong Institute of Certified Public Accountants. She has over 15 years' experience in accounting and auditing.

REPORT OF THE DIRECTORS

The directors present herewith their report and the audited financial statements of the Company and the Group for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in Note 1 to the consolidated financial statements.

There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2023 and the financial position of the Company and the Group at that date are set out in the consolidated financial statements on pages 29 to 31 and pages 87 to 88.

The Board recommends a final dividend of HK1.2 cents per share which, together with the interim dividend of HK0.8 cent per share paid on 19 October 2023, makes a total of HK2 cents per share in respect of the year ended 31 December 2023. The proposed final dividend, if approved by the shareholders at the annual general meeting ("AGM") on 30 May 2024, will be paid on 25 June 2024 to shareholders whose names appear on the register of members on 7 June 2024.

SUMMARY FINANCIAL INFORMATION

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and restated/reclassified as appropriate. This summary does not form any part of the audited consolidated financial statements.

RESULTS

	Year ended 31 December				
	2023	2022	2021	2020	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Restated)
CONTINUING OPERATIONS					
REVENUE	**23,437**	24,612	26,532	14,709	5,080
Cost of sales	**(5,196)**	(4,652)	(5,022)	(2,482)	(1,149)
Gross profit	**18,241**	19,960	21,510	12,227	3,931
(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**(38,068)**	14,709	21,222	7,322	12,081
Income tax expense	**(2,748)**	(2,525)	(2,415)	(2,211)	(425)
(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**(40,816)**	12,184	18,807	5,111	11,656
DISCONTINUED OPERATION					
Profit/(loss) for the year from a discontinued operation	**–**	–	–	(120,515)	40,389
(LOSS)/PROFIT FOR THE YEAR	**(40,816)**	12,184	18,807	(115,404)	52,045

* The amount is less than HK$1,000

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ASSETS AND LIABILITIES

	As at 31 December				
	2023	2022	2021	2020	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**1,815,307**	1,875,848	1,872,079	1,855,831	1,755,055
Total liabilities	**(343,596)**	(355,621)	(353,604)	(344,376)	(305,749)
	1,471,711	1,520,227	1,518,475	1,511,455	1,449,306

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2023 are set out in the section headed "Chairman's Statement and Management Discussion and Analysis" on pages 3 to 5 of the annual report and forms part of the "Report of the Directors".

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to support the environmental sustainability. The Group is committed to implementing policies and measures in our daily business operations to foster reduction of the Group's environmental impact. The Group also strives to implement recycling and waste reducing measures in office premises where applicable.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year under review, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

RELATIONSHIPS WITH STAKEHOLDERS

The Company recognizes that employees are our valuable assets. Thus employee management focuses on recruiting and growing the right people. Staff performance is measured on a regular and structured basis to provide employees with appropriate feedback and to ensure their alignment with the Group's corporate strategy.

The Group also understands that maintaining long-term good relationship with business partners is also one of the primary objectives of the Group. Accordingly, our management have kept good communication, promptly exchanged ideas and shared business update with them when appropriate. During the year under review, there was no material and significant dispute between the Group and its business partners.

PROPERTY, PLANT AND EQUIPMENT, AND INVESTMENT PROPERTIES

Details of the movements in the property, plant and equipment and, investment properties the Group during the year are set out in Notes 13 and 15 to the consolidated financial statements, respectively. Further details of the Group's investment properties are set out in the "Property Portfolio of the Group" of this annual report.

SHARE CAPITAL AND SHARE OPTION SCHEME

Details of movements in the share capital and share option scheme of the Company during the year are set out in Notes 24 and 25 to the consolidated financial statements, respectively.

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in Note 33 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As of 31 December 2023, the Company's reserves available for distribution, calculated in accordance with the Companies Act of Bermuda, amounted to approximately HK$811,982,000.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, turnover to the Group's five largest customers accounted for less than 30% of the Group's total turnover for the year.

During the year, purchases from the Group's five largest suppliers accounted for less than 30% of the Group's total purchases for the year.

None of the Directors or any of their close associates or any Shareholders, which to the best knowledge of the Directors, own more than 5% of the Company's issued share capital, had any beneficial interest in the Group's five largest suppliers.

DIRECTORS

The directors of the Company (the "Director(s)") during the year and up to the date of this report were:

Executive Directors
Mr. Lau Chi Yung, Kenneth *(Chairman)*
Mr. Lau Michael Kei Chi *(Vice-Chairman and Managing Director)*

Independent Non-executive Directors
Mr. Tsui Ka Wah
Mr. Lo Mun Lam, Raymond
Mr. Lo Kam Cheung, Patrick

The Company has received annual confirmation from each of the independent non-executive Directors ("INEDs") as regards their independence to the Company and considers that each of the INEDs is independent to the Company.

In accordance with the Company's bye-laws, Mr. Tsui Ka Wah and Mr. Lo Mun Lam, Raymond will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

CHANGES IN INFORMATION OF DIRECTORS

There are no changes in information of Directors required to be disclosed in this annual report pursuant to Rule 13.51B(1) of the Listing Rules,

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management of the Group are set out on pages 6 and 7 of the annual report.

MANAGEMENT CONTRACTS

Save for contract of service with the executive Directors, no contract by which a person undertakes the management and administration of the whole or any substantial part of the Company's business was entered into or subsisted during the year.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees and other emoluments are supervised by the Remuneration Committee of the Company and determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group. Details of the Directors' remuneration are set out in the Note 8 to the consolidated financial statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in Note 28 to the consolidated financial statements, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the Group's business to which the holding company of the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party, at any time during the year.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group during the year or subsisted at the end of the year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the financial year. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against Directors and its officers.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the "Corporate Governance Report" contained in this annual report.

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As of 31 December 2023, the interests and short positions of the Directors and the chief executive of the Company and each of their respective associates, in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

Long position in ordinary shares of the Company

Name of Director	Capacity and nature of interest	Number of shares held	Approximate percentage of the total issued share capital of the Company %
Mr. Lau Chi Yung, Kenneth	Interest of controlled corporation	291,137,700*	75.00

Long position in ordinary shares of associated corporation – Multifield International, an intermediate holding company of the Company

Name of Director	Capacity and nature of interest	Number of shares held	Approximate percentage of the total issued share capital of associated corporation %
Mr. Lau Chi Yung, Kenneth	Interest of controlled corporation	559,411,142*	66.91

* *The above shares are ultimately controlled by Power Resources Holdings Limited which acts as the trustee under the Power Resources Discretionary Trust, a family discretionary trust, the discretionary objects of which include Mr. Lau Chi Yung, Kenneth and his family.*

The interests of the Directors in the share options of the Company are separately disclosed in Note 25 to the consolidated financial statements.

Other than certain nominee shares in subsidiaries held by a Director in trust for the companies in the Group, no Director held an interest in the share capital of the Company's subsidiaries during the year.

Save as disclosed above, as of 31 December 2023, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO); or (ii) are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) are required, pursuant to the Model Code to be notified to the Company and the Hong Kong Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' and chief executive's interests or short positions in the shares, underlying shares and debentures of the Company and associated corporations" above and in the share option schemes disclosures in Note 25 to the consolidated financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES

So far as was known to the Directors, as of 31 December 2023, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares of the Company

Name of Shareholders	**Capacity and nature of interest**	**Number of shares held**	**Approximate percentage of the total issued share capital of the Company** %
Limitless Investment Limited	Directly beneficially owned	291,137,700#	75.00
Multifield International Holdings (B.V.I.) Limited	Interest of controlled corporation	291,137,700#	75.00
Multifield International	Interest of controlled corporation	291,137,700#	75.00
Lucky Speculator Limited	Interest of controlled corporation	291,137,700#	75.00
Desert Prince Limited	Interest of controlled corporation	291,137,700#	75.00
Power Resources Holdings Limited	Interest of controlled corporation	291,137,700#	75.00

\# *Power Resources Holdings Limited was deemed to have a beneficial interest in 291,137,700 ordinary shares of the Company by virtue of its indirect interests in Lucky Speculator Limited, Desert Prince Limited, Multifield International, Multifield International Holdings (B.V.I.) Limited and Limitless Investment Limited.*

Save as disclosed above, as at 31 December 2023, so far as was known to the Directors, no person, other than a Director, whose interests are set out in the section "Directors' and chief executive's interests or short positions in the shares, underlying shares and debentures of the Company and associated corporations" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

REPORT OF THE DIRECTORS

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 December 2023 and up to the date of this report, interests of the Directors in businesses which were considered to compete or were likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the Listing Rules are as follows:

Name of Director	Name of company	Competing business	Nature of interest
Mr. Lau Chi Yung, Kenneth	Multifield International Holdings Limited group of companies	Property investment	Director and controlling shareholder
Mr. Lau Michael Kei Chi	Multifield International Holdings Limited group of companies	Property investment	Director

Save as disclosed above, as at 31 December 2023 and up to the date of this report, none of the Directors or their respective associates was interested in any business which was considered to compete or was likely to compete, either directly or indirectly, with business of the Group.

CONNECTED TRANSACTIONS

Details of material related party transactions of the Group for the year ended 31 December 2023 are set out in Note 28 to the consolidated financial statements.

None of the related party transactions disclosed in Note 28 to the consolidated financial statements constituted a connected transaction or a continuing connected transaction of the Company which is subject to any of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as of the date of this report.

AUDITOR

The consolidated financial statements for the year ended 31 December 2023 have been audited by Elite Partners CPA Limited, Certified Public Accountants, who are proposed for reappointment at the forthcoming annual general meeting.

HLB Hodgson Impey Cheng Limited has resigned as the auditor of the Company with effect from 22 December 2021. Elite Partners CPA Limited was appointed as the new auditor of the Company to fill the casual vacancy following the resignation of HLB at the special general meeting held on 20 January 2022.

Save for the aforementioned, there has been no other change of auditor in the past three years.

ON BEHALF OF THE BOARD

Lau Chi Yung, Kenneth
Chairman

Hong Kong
25 March 2024

CORPORATE GOVERNANCE REPORT

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality Board, sound internal control, transparency and accountability to all shareholders.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has applied the principles and complied with code provisions of the Corporate Governance Code (the "Code") as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") throughout the year ended 31 December 2023, save as disclosed below.

Under code provision B.2.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Under the bye-laws of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation save any Director holding office as chairman and managing director. The Board considers that the exemption of both the chairman and the managing director of the company from such retirement by rotation provisions would provide the Group with strong and consistent leadership, efficient use of resources, effective planning, formulation and implementation of long-term strategies and business plans. The Board believes that it would be in the best interest of the Company for such Directors to continue to be exempted from retirement by rotation provisions. The Company intends to propose any amendment of relevant bye-laws of the Company, if necessary, in order to ensure compliance with the Code.

BOARD COMPOSITION AND BOARD PRACTICE

The Board is mandated to promote the success of the Company by providing leadership and supervising control of the Group's business.

Currently, the Board comprises of two executive Directors and three independent non-executive Directors. The positions of chairman and managing director are held by separate individuals. The chairman provides leadership for the Board and the managing director, supported by the management team, provides planning and implementation. The Board, led by Mr. Lau Chi Yung, Kenneth is responsible for the approval and monitoring of the Group's overall strategies and policies, approval of annual budgets and business plans, evaluating the performance of Group, and oversight of management. The chairman ensures that the Board works effectively and discharges its responsibilities. All Directors have been consulted on all major and material matters of the Company. With the support of the company secretary, the chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner.

To implement the strategies and plans approved by the Board, executive Directors and senior management meet on a regular basis to review the performance of the Group and make financial and operational decisions.

Under the Listing Rules, every listed issuer is required to have at least three independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. Currently, the number of independent non-executive Directors represents more than one-third of the total Board members.

Save as Mr. Lau Michael Kei Chi is the elder brother of Mr. Lau Chi Yung, Kenneth, the members of the Board have no financial, business, family or other material/relevant relationships with one another.

The Company has arranged directors and officers liability and company reimbursement insurances for its Directors and officers. The insurance coverage is reviewed on an annual basis.

CORPORATE GOVERNANCE REPORT

Consideration was given to the independence of Mr. Tsui Ka Wah, who has served on the Board for more than 13 years. Mr. Tsui has been serving as an independent non-executive Director since 2010. The Nomination Committee of the Company has evaluated the performance of Mr. Tsui and found he has not engaged in any executive management of the Group, but has consistently contributed independent judgement and critical mindset to the Board over the past years, in particular in areas including banking, financing, and financial management. Both the Board and the Nomination Committee are of the view that the independence of Mr. Tsui has not been affected despite he has served as an independent non-executive Director for more than 13 years.

Each of the independent non-executive Director has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines. Review will be made regularly on the Board composition to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The brief biography of the Directors are set out on page 6.

The Board has scheduled regular meetings per year and meets more frequently as and when required to discuss and formulate the Group's overall business strategies, monitor financial performance and discuss the annual results, interim results and other significant matters. The Directors can attend meetings in person or through other means of electronic communication. During the financial year ended 31 December 2023, the attendance of individual Director to the Board meeting and general meeting is summarized below:

	Number of meetings attended/held	
	Board meetings	**General meetings**
Executive Directors		
Mr. Lau Chi Yung, Kenneth	6/7	1/1
Mr. Lau Michael Kei Chi	7/7	1/1
Independent Non-executive Directors		
Mr. Tsui Ka Wah	7/7	1/1
Mr. Lo Mun Lam, Raymond	6/7	0/1
Mr. Lo Kam Cheung, Patrick	7/7	1/1

The company secretary keeps the minutes of meetings of the Board for inspection by the Directors and all Directors have full access to information of the Company.

BOARD DIVERSITY POLICY

The Board has adopted a Board Diversity Policy in December 2013 which sets out the approach to achieve diversity on the Board.

The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, include and make good use of differences in the talents, skills, regional and industry experience, background, gender and other qualities of the members of the Board. All appointments of the members of the Board are made on merit, in the content of the talents, skills and experience the Board as a whole requires to be effective.

The Nomination Committee has set measurable objectives based on talents, skills, regional and industry experience, background, gender and other qualities to implement the Board Diversity Policy. Such objectives will be reviewed from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

As at the date of this report, the Board comprises members of single gender. In order to achieve gender diversity on the Board level, the Board will propose the appointment of at least one Director of different gender no later than 31 December 2024.

As at 31 December 2023, the gender ratio of the Group's senior management (whose brief biographies are set out on page 7 of this annual report) was 100% female. More details on employees' gender ratio of the Group are set out in the Environmental, Social and Governance Report for the year included in this annual report.

CORPORATE GOVERNANCE REPORT

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Based on specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code for the year ended 31 December 2023. The interests held by individual Directors in the Company's securities as of 31 December 2023 are set out in the "Report of the Directors" on pages 8 to 14.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

With the assistance from the Finance Department, which is under the supervision of the Qualified Accountant of the Company, the Directors ensure that preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure that the publication of the financial statements of the Group is in a timely manner.

The statement of the external auditor of the Company, Elite Partners CPA Limited, with regard to its reporting responsibilities on the Group's consolidated financial statements, is set out in the Independent Auditor's Report included in this annual report.

The Directors confirm that, to the best of their knowledge, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions which may cause the Group not to continue as a going concern.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

Each newly appointed Director is provided with necessary induction and information to ensure that such Director has a proper understanding of the Company's operations and businesses as well as responsibilities of a director under the relevant statutes, laws, rules and regulations.

Directors' training is an ongoing process. During the year, Directors are provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company updates Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time to ensure compliance and enhance their awareness of good corporate governance practices.

Briefings were organised for Directors in 2023 to update the Directors on the duties of directors and roles and function of board committees, risk management and internal control, environmental, social and governance reporting and corporate governance were given to the Directors.

During the year, according to the records provided by the Directors, a summary of training is as follows:

	Type of continuous professional development programmes
Executive Directors	
Mr. Lau Chi Yung, Kenneth	A, B
Mr. Lau Michael Kei Chi	A, B
Independent Non-executive Directors	
Mr. Tsui Ka Wah	A, B
Mr. Lo Mun Lam, Raymond	A, B
Mr. Lo Kam Cheung, Patrick	A, B

Notes:

A: attending training sessions, including but not limited to briefing, seminars, webinars, conferences and workshops

B: reading relevant news alerts, newspapers, journals, magazines and relevant publications

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Lau Chi Yung, Kenneth serves as the Chairman of the Company, and the role of Chief Executive Officer of the Company is served by our Managing Director, Mr. Lau Michael Kei Chi. They have separate defined responsibilities whereby the Chairman is primarily responsible for leadership and effective functioning of the Board, ensuring key issues are promptly addressed by the Board, as well as providing strategic direction of the Company, and also take primary responsibility for ensuring good corporate governance practices and procedures are established. The Managing Director is responsible for the day-to-day management of the Company's business and the effective implementation of corporate strategy and policies.

AUDIT COMMITTEE

The Company has established an Audit Committee in accordance with the Listing Rules. The Audit Committee's terms of reference includes those specific duties as set out in the code provision D.3.3 of the Code. Pursuant to its terms of reference, the Audit Committee is required, amongst other things, to consider and recommend to the Board the appointment, re-appointment and removal of the external auditor and to approve their remuneration, to review the interim and annual financial statements, to review the Group's financial controls, internal controls and risk management system, the effectiveness of the Group's internal audit function and to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response. The Audit Committee should meet at least twice each year and when the need arises. Details of the attendance of Audit Committee meetings are as follows:

Members	**Number of meetings attended/held**
Mr. Lo, Kam Cheung, Patrick *(Chairman)*	4/4
Mr. Tsui Ka Wah	4/4
Mr. Lo Mun Lam, Raymond	3/4

In the presence of the representatives of the Company's independent external auditor, the Group's audited consolidated financial statements for the year ended 31 December 2023 have been reviewed by the Audit Committee, and with recommendation to the Board for approval.

The accounts for the year ended 31 December 2023 were audited by Elite Partners CPA Limited whose term of office will expire upon the forthcoming annual general meeting of the Company. The Audit Committee has recommended to the Board that Elite Partners CPA Limited be reappointed as the auditor of the Company at the forthcoming annual general meeting of the Company.

REMUNERATION COMMITTEE

The main responsibilities of the Remuneration Committee are to consider and recommend to the Board the Company's remuneration policy and structure and to review and determine the remuneration and compensation packages of the executive directors and senior management of the Company. The Remuneration Committee reviews and proposes the management's remuneration proposals with reference to considerations factors such as the Group's performance and profitability, Directors' experience, responsibilities and time commitment, existing market environment, salaries paid by comparable companies, employment conditions elsewhere in the Group, and considers the reasonableness on remuneration based on performance.

CORPORATE GOVERNANCE REPORT

The Remuneration Committee set up on 16 September 2005 comprises two executive Directors and three independent non-executive Directors. Details of the attendance of the committee are as follows:

Members	Number of meetings attended/held
Mr. Tsui Ka Wah *(Chairman)*	1/1
Mr. Lau Chi Yung, Kenneth	1/1
Mr. Lau Michael Kei Chi	1/1
Mr. Lo Mun Lam, Raymond	1/1
Mr. Lo Kam Cheung, Patrick	1/1

NOMINATION COMMITTEE

The role of Nomination Committee set up on 28 March 2012 is to advise on and propose to appoint any person as a Director either to fill a casual vacancy on or as an additional member of the Board. The selection criteria are mainly based on the professional qualification and experience of the candidate. A newly appointed Director must retire and be re-elected at the first general meeting after his appointment. At each annual general meeting, one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. A retiring director shall be eligible for re-election. Details of the attendance of the committee are as follows:

Members	Number of meetings attended/held
Mr. Lau Chi Yung, Kenneth *(Chairman)*	1/1
Mr. Lau Michael Kei Chi	1/1
Mr. Tsui Ka Wah	1/1
Mr. Lo Mun Lam, Raymond	1/1
Mr. Lo Kam Cheung, Patrick	1/1

The Nomination Committee periodically reviews the structure, size and composition of the Board, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. Its duties include identifying individuals suitably qualified to become Board members, and select or make recommendations to the Board on the selection of individuals nominated for directorships, and assess the independence of independent non-executive Directors.

Most Nomination Committee members are independent non-executive Directors.

NOMINATION PROCEDURES

The evaluation, recommendation, nomination, selection and appointment or re-appointment of each proposed Director shall be assessed and considered by the Nomination Committee and the Board against the above-mentioned selection criteria, the Board Diversity Policy, and (in cases of independent-non executive Directors) the independence guidelines set out in Rule 3.13 of the Listing Rules.

In the context of appointment of any proposed candidate to the Board, after the Nomination Committee receives the proposal to appoint a new Director or the nomination from a shareholder, the Nomination Committee shall evaluate the candidate's eligibility to serve as a Director based on the all relevant criteria in combination with his or her personal profile. If multiple candidates are involved, the Nomination Committee shall prioritize them according to the Company's needs and candidates' respective qualification.

In the case of the re-appointment of a Director at the forthcoming annual general meeting of the Company, the Nomination Committee shall review the overall contribution of the Directors and their services, their participation and performance within the Board and whether such Director still meets the above selection criteria.

REMUNERATION OF MEMBERS OF SENIOR MANAGEMENT BY BAND

Pursuant to paragraph E.1.5 of the Code, the remuneration of the members of the senior management by band for the year ended 31 December 2023 is set out in Note 9 to the consolidated financial statements.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has the overall responsibility for maintaining a sound and effective system of internal controls and risk management. The Board has identified the top risks of the Group and determined how much risk the Board is willing to take to achieve the Group's strategic objectives. During year 2016, an in-house internal audit department had been set up. In addition, the Group established a risk management system. Each business unit is required to identify and manage risks on a day-to-day basis as the first line of defence. Internal auditor, as the second line of defence, provides independent and objective assurance on the overall effectiveness of the internal control and risk management system.

The Audit Committee had reviewed the adequacy and effectiveness of the Group's risk management and internal controls system based on the review report issued by the internal auditor. The Board, through the review by the audit committee, considers that the Group's internal control and risk management system is effective and adequate.

There are inherent limitations in any systems of risk management and internal control and accordingly the Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business of objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

There are also procedures including pre-clearance on dealing in the Group's securities by designated Directors, notification of regular blackout period and securities dealing restrictions to Directors and relevant employees, and dissemination of information for specified purpose and on a need-to-know basis have been implemented to guard against possible mishandling of inside information within the Group.

CORPORATE GOVERNANCE REPORT

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group complies with all relevant laws and regulations in relation to the handling and dissemination of inside information. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the Safe Harbours as provided in the SFO. Before any inside information being fully disclosed to the public, the Group ensures such information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensuring that information contained in relevant announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

BUSINESS MODEL AND STRATEGY

The Group has the mission to maintain long term profitability and assets growth with adoption of flexible business model and strategy and prudential risk and capital management framework. The Board has played and will continue to play a proactive role in the Group's development of business model to preserve the culture of the Group in serving customers well with premium service quality; the Group's business strategic drive for business expansion and opportunities; and the Group's setting of strategic goals, priorities and initiatives undertaken to motivate staff to achieve business and financial targets. Details of the Group's Business Review and financial review in the year 2023 are set out in the "Chairman's Statement and Management Discussion and Analysis" section of this annual report.

DIVIDEND POLICY

Pursuant to the Dividend Policy of the Company, in deciding whether to propose/declare dividends and in determining the dividend amount, the Board shall take into account, inter alia, the following factors:

(a) the overall results of operation and financial performance of the Group;

(b) the Group's expected working capital requirements, capital expenditure requirements and future development plans;

(c) the Group's financial position, retained earnings and distributable reserves;

(d) any restrictions on payment of dividends by the Company that may be imposed by the Group's lenders or creditors;

(e) the interests of the Company's shareholders;

(f) taxation considerations;

(g) possible effects on the Company's creditworthiness;

(h) the general economic and other external factors that may have an impact on the future business and financial performance of the Group; and

(i) any other factors that the Board may consider relevant and appropriate.

Any recommendation, declaration and payment of dividends are also subject to the compliance with any applicable laws and regulations, including but not limited to the laws of Bermuda and the Company's bye-laws.

The Company's dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid in future. There is no assurance that dividends will be paid in any particular manner or amount for any given period.

AUDITOR'S REMUNERATION

In line with the sound practice that the independence of external auditor should not be impaired by other non-audit assignments, the Group ensures that assignments other than statutory audits undertaken by external auditor should not have an adverse impact on their independence.

For the year ended 31 December 2023, the auditor of the Company received approximately HK$380,000 for audit services.

COMPANY SECRETARY

Ms. Tang Cheung Kai, Kinnie is the Company Secretary of the Company. She is responsible to the Board and reports to the Chairman from time to time. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures, and all applicable laws, rules and regulations are followed.

According to Rule 3.29 of the Listing Rules, the Company Secretary is required to take no less than 15 hours of relevant professional training during the year ended 31 December 2023. Ms. Tang fulfilled the requirement during the year under review.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene a special general meeting ("SGM")

The Board shall, on the requisition in writing of the shareholders of not less than one-tenth of the paid-up capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene a SGM.

If within twenty-one days of such deposit the Board fails to proceed to convene a SGM, the requisitionists or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM, but any meeting so convened shall not be held after three months from the date of the original deposit.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary whose contact details are as follows:

Units 22-28, 25/F., Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong.
Email: contact@multifield.com.hk

Shareholders may also make enquiries with the Board at the general meetings of the Company.

CORPORATE GOVERNANCE REPORT

Procedures for putting forward proposals at shareholders' meeting

Shareholders can submit a written requisition to move a resolution at shareholders' meeting. The number of shareholders shall represent not less than one-twentieth of the total voting rights of all shareholders having at the date of the requisition a right to vote at the shareholders' meeting, or who are no less than one hundred shareholders.

The written requisition must state the resolution, accompanied by a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the shareholders' meeting. It must also be signed by all of the shareholders concerned and be deposited at the Company's principal place of business in Hong Kong at Units 22-28, 25/F., Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong, for the attention of the company secretary not less than six weeks before the shareholders' meeting in case of a requisition requiring notice of a resolution and not less than one week before the shareholders' meeting in case of any other requisition.

The shareholders concerned must deposit a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned under applicable laws and rules.

CONSTITUTIONAL DOCUMENTS

There are no changes in the Company's constitutional documents during the year.

INVESTOR RELATIONS AND COMMUNICATION

The Company establishes different communication channels with shareholders and investors. These include (i) the publication of interim and annual reports; (ii) the annual general meeting or SGM providing a forum for shareholders of the Company to raise comments and exchange views with the Board; (iii) the Company replies to enquiries from shareholders timely; and (iv) the Company's share registrar in Hong Kong serves the shareholders regarding all share registration matters.

In fact, the Company's annual general meeting is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to ask questions about the Group's performance. A separate resolution is proposed for each substantially separate issue at annual general meetings.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Oriental Explorer Holdings Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Oriental Explorer Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 29 to 88, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

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

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

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
Refer to Note 15 to the consolidated financial statements.	
We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the estimates associated with determining the fair value. As at 31 December 2023, the Group had investment properties at a carrying amount of approximately HK$1,653,820,000 with a loss arising on fair value changes on investment properties, net amounting to HK$44,600,000 recognised in the consolidated statement of profit or loss for the year then ended. The Group's investment properties are stated at fair value based on valuations performed by an independent qualified professional valuer (the "**Valuer**") not connected with the Group. The valuations were based on the direct comparison approach which involved the use of estimates and assumptions including recent sales price of similar properties with adjustments for any difference in location and condition of the properties.	Our key procedures in relation to the valuation of investment properties included: • Communicating with the management about the valuation techniques adopted by the Valuer, obtaining the valuation reports for properties measured at fair value, and assessing the relevance and reasonableness of valuation techniques used by the Valuer; • Evaluating the independent qualified professional valuer's competence, capabilities and objectivity and reviewing their terms of engagement with the Group; and • Evaluating the appropriateness of the methodologies and the reasonableness of the key input data used in the determination of fair value; comparing the key inputs to supporting evidence such as recent sale transaction on the market.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement director on the audit resulting in this independent auditor's report is Mr. Lock Kwong Hang, Simon with Practising Certificate Number P06735.

Elite Partners CPA Limited
Certified Public Accountants

Level 23
YF Life Tower
33 Lockhart Road
Wan Chai, Hong Kong

25 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
REVENUE	5	**23,437**	24,612
Cost of sales		**(5,196)**	(4,652)
Gross profit		**18,241**	19,960
Other income and gains	5	**1,244**	1,909
Fair value changes on equity investments at fair value through profit or loss, net		**(19)**	(34)
Foreign exchange differences, net		**(2)**	(83)
Fair value changes on investment properties, net	15	**(44,600)**	1,500
Operating and administrative expenses		**(5,305)**	(5,143)
Finance costs	7	**(7,627)**	(3,400)
(LOSS)/PROFIT BEFORE TAX	6	**(38,068)**	14,709
Income tax expense	10	**(2,748)**	(2,525)
(LOSS)/PROFIT FOR THE YEAR		**(40,816)**	12,184
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	12	**HK(10.51) cents**	HK3.14 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023 *HK$'000*	2022 *HK$'000*
(LOSS)/PROFIT FOR THE YEAR	**(40,816)**	12,184
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**63**	437
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**(40,753)**	12,621

Oriental Explorer

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**51**	46
Investment properties	15	**1,653,820**	1,698,420
Right-of-use assets	14(a)	**331**	339
Club debenture		**330**	330
Total non-current assets		**1,654,532**	1,699,135
CURRENT ASSETS			
Trade receivables	16	**224**	1,525
Prepayments, deposits and other receivables	17	**1,506**	1,335
Equity investments at fair value through profit or loss	18	**53**	72
Cash and cash equivalents	19	**158,992**	173,781
Total current assets		**160,775**	176,713
CURRENT LIABILITIES			
Other payables and accruals	20	**16,528**	16,014
Interest-bearing bank borrowings	21	**144,000**	147,000
Amount due to a director	22	**–**	1,591
Amounts due to fellow subsidiaries	22	**150,701**	159,269
Tax payable		**5,488**	5,501
Total current liabilities		**316,717**	329,375
NET CURRENT LIABILITIES		**(155,942)**	(152,662)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,498,590**	1,546,473
NON-CURRENT LIABILITIES			
Deferred tax liabilities	23	**26,879**	26,246
Total non-current liabilities		**26,879**	26,246
Net assets		**1,471,711**	1,520,227
EQUITY			
Equity attributable to owners of the Company			
Share capital	24	**38,818**	38,818
Reserves		**1,432,893**	1,481,409
Total equity		**1,471,711**	1,520,227

Lau Chi Yung, Kenneth	**Lau Michael Kei Chi**
Chairman	*Vice-Chairman*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the Company					
	Share capital *HK$'000*	**Share premium account** *HK$'000*	**Capital redemption reserve** *HK$'000* *(Note (a))*	**Exchange fluctuation reserve** *HK$'000* *(Note (b))*	**Retained profits** *HK$'000*	**Total equity** *HK$'000*
At 1 January 2022	38,818	579,126	546	(390)	900,375	1,518,475
Profit for the year	–	–	–	–	12,184	12,184
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	–	–	–	437	–	437
Total comprehensive income for the year	–	–	–	437	12,184	12,621
Final 2021 dividend declared	–	–	–	–	(7,764)	(7,764)
Interim 2022 dividend *(Note 11)*	–	–	–	–	(3,105)	(3,105)
At 31 December 2022	38,818	579,126	546	47	901,690	1,520,227
At 1 January 2023	**38,818**	**579,126**	**546**	**47**	**901,690**	**1,520,227**
Loss for the year	**–**	**–**	**–**	**–**	**(40,816)**	**(40,816)**
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**63**	**–**	**63**
Total comprehensive income/(expense) for the year	**–**	**–**	**–**	**63**	**(40,816)**	**(40,753)**
Final 2022 dividend declared *(Note 11)*	**–**	**–**	**–**	**–**	**(4,658)**	**(4,658)**
Interim 2023 dividend *(Note 11)*	**–**	**–**	**–**	**–**	**(3,105)**	**(3,105)**
At 31 December 2023	**38,818**	**579,126**	**546**	**110**	**853,111**	**1,471,711**

Notes:

(a) The capital redemption reserve represents the aggregate par value of shares which have been repurchased and cancelled.

(b) The exchange fluctuation reserve of the Group comprises exchange differences arising from the translation of the financial statements of foreign operations.

Oriental Explorer

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(38,068)**	14,709
Adjustments for:			
Finance costs	7	**7,627**	3,400
Interest income	5	**(981)**	(1,660)
Depreciation of property, plant and equipment	6	**5**	5
Depreciation of right-of-use assets	6	**8**	9
Fair value changes on investment properties, net	15	**44,600**	(1,500)
Fair value changes on equity investments at fair value through profit or loss, net		**19**	34
Operating cash flows before movements in working capital		**13,210**	14,997
Decrease/(increase) in trade receivables		**1,301**	(923)
(Increase)/decrease in prepayments, deposits and other receivables		**(171)**	1,247
Decrease in other payables and accruals		**(73)**	(201)
Cash generated from operations		**14,267**	15,120
Income tax paid		**(2,055)**	(970)
Net cash flows generated from operating activities		**12,212**	14,150
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(10)**	(7)
Interest received		**981**	1,660
Net cash flows generated from investing activities		**971**	1,653

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of interest-bearing bank borrowings		**(3,000)**	(3,000)
Interest paid		**(7,398)**	(3,199)
Advance from a director		**5**	60
Repayment to a director		**(1,596)**	–
Advance from fellow subsidiaries		**203,936**	162,635
Repayment to fellow subsidiaries		**(212,504)**	(159,273)
Dividends paid		**(7,405)**	(10,368)
Net cash flows used in financing activities		**(27,962)**	(13,145)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(14,779)**	2,658
Cash and cash equivalents at beginning of the year		**173,781**	171,077
Effect of foreign exchange rate changes, net		**(10)**	46
CASH AND CASH EQUIVALENTS AT END OF YEAR		**158,992**	173,781
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	**8,017**	9,792
Non-pledged deposits with original maturity of less than three months when acquired	19	**150,975**	163,989
Cash and cash equivalents		**158,992**	173,781

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

1. CORPORATE AND GROUP INFORMATION

Oriental Explorer Holdings Limited (the "**Company**") is a limited liability company incorporated in Bermuda. The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company is located at Units 22-28, 25/F., Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong. The shares of the Company are listed on Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange"**).

During the year, the Company and its subsidiaries (collectively referred to as the "**Group**") were involved in the following principal activities:

- property investment; and
- investment holding.

In the opinion of the directors, the holding company of the Company is Limitless Investment Limited, which is incorporated in the British Virgin Islands, and the ultimate holding company of the Company is Power Resources Holdings Limited, which is incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Lau Chi Yung, Kenneth, who is also a director of the Company.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company: Direct 2023 %	Direct 2022 %	Indirect 2023 %	Indirect 2022 %	Principal activities
Conrad Shipping Limited	Hong Kong	HK$1	–	–	**100**	100	Property investment
Golden Charter International Limited	Hong Kong	HK$2	–	–	**100**	100	Property investment
Goodrich Properties Limited	Hong Kong	HK$2	–	–	**100**	100	Property investment
Grandfield Nominees Limited	Hong Kong	HK$1,000,000	–	–	**100**	100	Property investment
Keen2learn.com International Limited	Hong Kong	HK$2	–	–	**100**	100	Property investment
Lau & Partners Consultants Limited	Hong Kong/ Mainland China	HK$10,000	–	–	**100**	100	Property investment
Linkful (Holdings) Limited	Hong Kong	Ordinary HK$1,000 Non-voting deferred HK$20,000,000	–	–	**100**	100	Investment holding
Linkful Management Services Limited	Hong Kong	HK$2	–	–	**100**	100	Provision of management services

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company Direct 2023 %	Direct 2022 %	Indirect 2023 %	Indirect 2022 %	Principal activities
Linkful Properties Company Limited	Hong Kong/ Mainland China	HK$2	–	–	**100**	100	Investment and property holding
Linkful Secretarial Services Limited	Hong Kong	HK$10,000	–	–	**100**	100	Property investment
Maxlord Limited	Hong Kong	HK$10,000	–	–	**100**	100	Property investment
Multifield Contracting Limited	Hong Kong	HK$10,000	–	–	**100**	100	Property investment
Multifield Property Agency Limited	Hong Kong	HK$2	–	–	**100**	100	Property investment
Power Earning Limited	Hong Kong	HK$1	–	–	**100**	100	Property investment
Reach Profit Investments Limited	British Virgin Islands	US$1	**100**	100	–	–	Investment holding
Rich Century Development Limited	Hong Kong	HK$1	–	–	**100**	100	Property investment
Rich Will Finance Limited	Hong Kong	HK$1	–	–	**100**	100	Investment holding
Silver Nominees Limited	Hong Kong	HK$2	–	–	**100**	100	Property investment
Tellink Development Limited	Hong Kong	HK$100	–	–	**100**	100	Property investment
Verywell Properties Limited	British Virgin Islands/ Hong Kong	US$1	–	–	**100**	100	Property investment

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial instruments, which have been measured at fair value.

These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

During the year ended 31 December 2023, the Group incurred a loss for the year of approximately HK$40,816,000 (2022: profit of approximately HK$12,184,000), and as of that date, the Group had net current liabilities of approximately HK$155,942,000 (2022: HK$152,662,000). It indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of its business.

Having regard to the continuing financial support received from fellow subsidiaries of the Group, the directors are of the opinion that the Group is able to meet its financial obligations when they fall due in the foreseeable future. Accordingly, the consolidated financial statements of the Group have been prepared on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2023. A subsidiary is an entity directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

Profit or loss and each component of other comprehensive income ("**OCI**") are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in OCI is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

Change in accounting policy on offsetting arrangement in long service payment scheme in HKSAR

In June 2022, the HKSAR Government enacted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") which will be effective from 1 May 2025 (the "**Transition Date**"). Under the Amendment Ordinance, any accrued benefits attributable to the employer's mandatory contributions under mandatory provident fund scheme ("**MPF Benefits**") of an entity would no longer be eligible to offset against its obligations on long service payment ("**LSP**") for the portion of the LSP accrued on or after the Transition Date. There is also a change in the calculation basis of last monthly wages for the portion of the LSP accrued before the Transition Date.

Prior to 1 January 2023, the Group applied practical expedient in HKAS 19 paragraph 93(b) (the "**Practical Expedient**") to account for the offsetable MPF Benefits as deemed employee contributions to reduce the current service costs in the period in which the related services were rendered.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF – LSP offsetting mechanism in Hong Kong" (the "**Guidance**") which provides clarified and detailed guidance on the accounting considerations relating to the abolition of the offsetting mechanism. The Guidance clarified that following the enactment of the Amendment Ordinance, LSP is no longer a "simple type of contributory plans" to which the Practical Expedient had been intended to apply.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

By following the Guidance, the Group has therefore changed its accounting policy and ceased to apply the Practical Expedient and reattribute the deemed employee contributions on a straight-line basis from the date when services by employees first lead to their benefits in terms of the LSP legislation in accordance with HKAS 19 paragraph 93(a). The cumulative effect of recognising these adjustments as of 31 December 2022 or for the year ended was not material and hence no adjustment was made to the beginning accumulated losses, or another component of equity.

Except for described above, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective, in these consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*[2]
Amendments to HKAS 1	*Non-current Liabilities with Covenants*[2]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[2]
Amendments to HKAS 21	*Lack of Exchangeability*[3]

1 Effective for annual periods beginning on or after a date to be determined
2 Effective for annual periods beginning on or after 1 January 2024
3 Effective for annual periods beginning on or after 1 January 2025

The directors of the Company anticipate that the application of all the amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION

Fair value measurement

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

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

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

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

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

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

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

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

Impairment of non-financial assets

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

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Impairment of non-financial assets *(continued)*

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

Property, plant and equipment and depreciation

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

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

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	5% or over the lease terms, if shorter
Furniture, fixtures and office equipment	20% – 33 $^{1}/_{3}$%
Motor vehicles	20% – 25%

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

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

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

Leases

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

Group as a lessee

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

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	Over the lease terms

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Leases *(continued)*

Group as a lessor

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

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

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Investments and other financial assets *(continued)*

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on listed equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the consolidated statement of profit or loss when the right of payment has been established.

Derecognition of financial assets

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Impairment of financial assets

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

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

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

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

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

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

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

Simplified approach

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

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2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include other payables and accruals, interest-bearing bank borrowings, amount due to a director and amounts due to fellow subsidiaries.

Subsequent measurement

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

Financial liabilities at amortised cost (other payables and accruals, and borrowings)

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

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

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

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

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

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

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

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

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in OCI or directly in equity.

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Income tax *(continued)*

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

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

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees for grant is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an appropriate option pricing model.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options, if any, is reflected as additional share dilution in the computation of dilutive earnings per share.

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2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans including the LSP under the Hong Kong Employment Ordinance and others to specify, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. In determining the present value of the Group's defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than earlier years, the Group attributes the benefit on a straight-line basis from:

(a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until

(b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Employee benefits *(continued)*

Retirement benefit costs (continued)

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (for example contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability or asset.
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Group reduces service cost by attributing the contributions to periods of service using the attribution method required by HKAS 19 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Group reduces service cost in the period in which the related service is rendered/reduces service cost by attributing contributions to the employees' periods of service in accordance with HKAS 19 paragraph 70.

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measure on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

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2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Dividends

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the Note 11 to the consolidated financial statements.

Foreign currencies

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in OCI or profit or loss is also recognised in OCI or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollar at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollar at the exchange rates that approximate to those prevailing at the dates of the transactions.

2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

Foreign currencies *(continued)*

The resulting exchange differences are recognised in OCI and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Related parties

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

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Property lease classification – Group as lessor

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

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, management has reviewed the Group's investment property portfolios and concluded that the certain of the Group's investment properties situated in Hong Kong and the PRC are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time rather than through sale. Therefore, the presumption that the carrying amounts of investment properties are recovered entirely through sale is not rebutted. However, the Group has not recognised any deferred taxes on changes in fair value of these investment properties located in Hong Kong as the Group is not subject to any income tax on disposal of these investment properties whereas the Group has recognised the deferred taxes on changes in fair value of these investment properties located in the PRC according to the relevant tax rules.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty

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

Estimation of fair value of investment properties

As described in Note 15 to the consolidated financial statements, the investment properties were revalued at the end of the reporting period based on the appraised market value provided by an independent professional valuer. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

Fair values of financial instruments

Financial instruments such as equity instruments are carried at the consolidated statement of financial position at fair value. The best evidence of fair value is quoted prices in an active market, where quoted prices are not available for a particular financial instrument, the Group uses the market values determined by independent financial institutions or internal or external valuation models to estimate the fair value. The use of methodologies, models and assumptions in pricing and valuing these financial assets and liabilities is subjective and requires varying degrees of judgement by management, which may result in significantly different fair values and results.

Income taxes and deferred taxation

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be recognised. The outcome of their actual recognition may be different.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one (2022: one) reportable operating segment which is the property investment segment that mainly comprises rental income from investment properties and therefore no further discrete financial information nor analysis of this single segment is presented.

Geographical information

(a) Revenue from external customers

	2023	2022
	HK$'000	*HK$'000*
Hong Kong	**23,390**	24,503
Mainland China	**47**	109
	23,437	24,612

The revenue information of operations above is based on the locations of the customers. No single external customer accounted for 10% or more of the total revenue for the years ended 31 December 2023 and 2022.

(b)

	Hong Kong		**Mainland China**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Non-current assets	**1,631,871**	1,676,065	**22,331**	22,740	**1,654,202**	1,698,805

The non-current assets information above is based on the locations of assets and excludes club debenture.

5. REVENUE, OTHER INCOME AND GAINS

	2023	2022
	HK$'000	*HK$'000*
Revenue from other sources		
Rental income from property letting under fixed lease payments	**23,437**	24,612
Other income and gains		
Interest income on bank deposits	**981**	1,660
Government grants *(Note)*	**–**	157
Others	**263**	92
	1,244	1,909

Note: During the year ended 31 December 2022, the Group recognised government grants of approximately HK$157,000 in respect of Covid-19-related subsidies, of which all relates to Employment Support Scheme provided by the Hong Kong government.

6. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging:

	2023	2022
	HK$'000	*HK$'000*
Auditor's remuneration – audit services	**380**	393
Depreciation of property, plant and equipment	**5**	5
Depreciation of right-of-use assets	**8**	9
Expense relating to short-term leases not included in the measurement of lease liabilities	**900**	867
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**5,196**	4,652
Foreign exchange differences, net	**2**	83

	2023	2022
Employee benefit expense (including directors' and chief executive's remuneration):		
Salaries, wages and other benefits	**2,476**	2,279
Pension scheme contributions (defined contribution scheme) *(Note (i))*	**99**	93
Total staff costs	**2,575**	2,372

Note:

(i) At 31 December 2023, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2022: Nil).

7. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest on bank loans	**7,627**	3,400

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8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2023	2022
	HK$'000	*HK$'000*
Fees	**252**	252
Other emoluments:		
Salaries, wages and other benefits	**–**	–
Pension scheme contributions	**–**	–
	–	–
	252	252

(a) Independent non-executive directors

The fees paid to the independent non-executive directors during the years were as follows:

	2023	2022
	HK$'000	*HK$'000*
Mr. Tsui Ka Wah	**84**	84
Mr. Lo Kam Cheung, Patrick	**84**	84
Mr. Lo Mun Lam, Raymond	**84**	84
	252	252

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

There were no other emoluments payable to the independent non-executive directors during the year (2022: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(b) Executive directors and the chief executive

	Fees *HK$'000*	Salaries, wages and other benefits *HK$'000*	Pension scheme contributions *HK$'000*	Total remuneration *HK$'000*
2023				
Executive directors:				
Mr. Lau Chi Yung, Kenneth	–	–	–	–
Mr. Lau Michael Kei Chi (Chief executive)	–	–	–	–
	–	–	–	–
2022				
Executive directors:				
Mr. Lau Chi Yung, Kenneth	–	–	–	–
Mr. Lau Michael Kei Chi (Chief executive)	–	–	–	–
	–	–	–	–

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2022: Nil).

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9. FIVE HIGHEST PAID EMPLOYEES

During the year, there is no director and chief executive (2022: Nil) are included in five highest paid employees, details of whose remuneration are set out in Note 8 above. Details of the remuneration for the year of the five (2022: five) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2023 *HK$'000*	2022 *HK$'000*
Salaries, wages and other benefits	**1,557**	1,672
Pension scheme contributions	**72**	76
	1,629	1,748

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2023	2022
Nil to HK$1,000,000	**5**	5

10. INCOME TAX EXPENSE

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2022: 16.5%). Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Taxes on profits assessable in Mainland China have been calculated at the rate of tax prevailing in Mainland China, in which the Group operates. Pursuant to the relevant PRC tax laws and regulations, a non-resident enterprise is generally subject to a 10% Enterprise Income Tax on PRC-sourced income if such non-resident enterprise does not have an establishment or place in the PRC. The Group's subsidiaries incorporated in Hong Kong and engaged in the property investment in the PRC do not have an establishment or place in the PRC. As a result, those subsidiaries are subject to a 10% Enterprise Income Tax on PRC-sourced income.

	2023 *HK$'000*	2022 *HK$'000*
Current tax – Hong Kong		
Charge for the year	**1,538**	1,397
Current tax – Mainland China		
Charge for the year	**504**	–
Deferred tax *(Note 23)*	**706**	1,128
Total tax charge for the year	**2,748**	2,525

10. INCOME TAX EXPENSE *(continued)*

A reconciliation of the tax expense applicable to (loss)/profit before tax at the applicable rates for the countries (or jurisdictions) in which the Company and the majority of its subsidiaries are determined to the tax expenses at the effective tax rate is as follows:

2023	**Hong Kong**	**Mainland China**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Loss before tax	**(37,687)**	**(381)**	**(38,068)**
Tax at the applicable tax rate	**(6,219)**	**(95)**	**(6,314)**
Income not subject to tax	**(2,596)**	**–**	**(2,596)**
Expenses not deductible for tax	**10,525**	**599**	**11,124**
Tax losses utilised from previous periods	**(64)**	**–**	**(64)**
Tax losses not recognised	**708**	**–**	**708**
Effect of PRC land appreciation tax	**–**	**(110)**	**(110)**
Tax charge at the Group's effective rate	**2,354**	**394**	**2,748**

2022	Hong Kong	Mainland China	Total
	HK$'000	*HK$'000*	*HK$'000*
Profit/(loss) before tax	16,713	(2,004)	14,709
Tax at the applicable tax rate	2,758	(501)	2,257
Income not subject to tax	(1,933)	–	(1,933)
Expenses not deductible for tax	1,819	501	2,320
Tax losses utilised from previous periods	(290)	–	(290)
Tax losses not recognised	283	–	283
Effect of PRC land appreciation tax	–	(112)	(112)
Tax charge/(credit) at the Group's effective rate	2,637	(112)	2,525

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11. DIVIDENDS

	2023	2022
	HK$'000	*HK$'000*
Interim dividend – HK0.8 cent per ordinary share of par value HK$0.1 each (2022: HK0.8 cent per ordinary share of par value HK$0.1 each)	**3,105**	3,105
Proposed final dividend – HK1.2 cents per ordinary share of par value HK$0.1 each (2022: HK1.2 cents per ordinary share of par value HK$0.1 each)	**4,658**	4,658
	7,763	7,763

Subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on 30 May 2024, dividend warrants will be posted on or about 25 June 2024 to shareholders whose names appear on the register of members of the Company on 7 June 2024.

12. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic (loss)/earnings per share is based on the loss for the year attributable to ordinary equity holders of the Company of approximately HK$40,816,000 (2022: profit of approximately HK$12,184,000), and the weighted average number of ordinary shares of 388,183,600 (2022: 388,183,600) shares in issue during the year.

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there is no potentially ordinary shares in issue during the years ended 31 December 2023 and 2022.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings *HK$'000*	Furniture, fixtures and office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
31 December 2023				
At 1 January 2023:				
Cost	**748**	**32**	**5,430**	**6,210**
Accumulated depreciation	**(748)**	**(18)**	**(5,398)**	**(6,164)**
Net carrying amount	**–**	**14**	**32**	**46**
At 1 January 2023, net of accumulated depreciation	**–**	**14**	**32**	**46**
Additions	**–**	**10**	**–**	**10**
Depreciation provided during the year	**–**	**(5)**	**–**	**(5)**
At 31 December 2023, net of accumulated depreciation	**–**	**19**	**32**	**51**
At 31 December 2023:				
Cost	**748**	**42**	**5,430**	**6,220**
Accumulated depreciation	**(748)**	**(23)**	**(5,398)**	**(6,169)**
Net carrying amount	**–**	**19**	**32**	**51**

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13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Buildings *HK$'000*	Furniture, fixtures and office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
31 December 2022				
At 1 January 2022:				
Cost	748	25	5,430	6,203
Accumulated depreciation	(748)	(13)	(5,398)	(6,159)
Net carrying amount	–	12	32	44
At 1 January 2022, net of accumulated depreciation	–	12	32	44
Additions	–	7	–	7
Depreciation provided during the year	–	(5)	–	(5)
At 31 December 2022, net of accumulated depreciation	–	14	32	46
At 31 December 2022:				
Cost	748	32	5,430	6,210
Accumulated depreciation	(748)	(18)	(5,398)	(6,164)
Net carrying amount	–	14	32	46

14. LEASES

The Group as a lessee

(a) Right-of-use assets

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

	Leasehold land ***HK$'000***
As at 1 January 2022	348
Depreciation charge	(9)
As at 31 December 2022 and 1 January 2023	**339**
Depreciation charge	**(8)**
As at 31 December 2023	**331**

Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 37 years (2022: 38 years), and no ongoing payments will be made under the terms of these land leases.

14. LEASES *(continued)*

The Group as a lessee *(continued)*

(b) The amounts recognised in profit or loss in relation to leases are as follows:

	2023	2022
	HK$'000	*HK$'000*
Depreciation charge of right-of-use assets	**8**	9
Expense relating to short-term leases	**900**	867
Total amounts recognised in profit or loss	**908**	876

The Group regularly entered into short-term leases for office premise. The Group does not recognise right-of-use assets and lease liabilities in regard of these short-term leases. The Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease terms. There is no renewal options and variable lease payments included in the lease agreement.

For the year ended 31 December 2023, total cash outflow for leases amounts to approximately HK$900,000 (2022: HK$867,000).

The Group as a lessor

The Group leases its investment properties *(Note 15)* under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was approximately HK$23,437,000 (2022: HK$24,612,000), details of which are included in Note 5 to the consolidated financial statements.

At 31 December 2023 and 2022, the undiscounted lease payments receivable by the Group in the future periods under non-cancellable operating leases with its tenants are as follows:

	2023	2022
	HK$'000	*HK$'000*
Within one year	**20,598**	9,427
In the second year	**9,558**	2,508
In the third year	**1,673**	–
	31,829	11,935

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15. INVESTMENT PROPERTIES

	2023	2022
	HK$'000	*HK$'000*
Carrying amount at 1 January	**1,698,420**	1,696,920
Net (loss)/gain from fair value adjustments	**(44,600)**	1,500
Carrying amount at 31 December	**1,653,820**	1,698,420

The directors of the Company have determined that the investment properties consist of four classes of asset, i.e., car parking spaces, commercial properties, residential properties and industrial properties, based on the nature, characteristics and risk of each property.

The fair value of the Group's investment properties situated in Hong Kong and the PRC at 31 December 2023 and 2022 had been arrived at based on a valuation carried out on that date by Ravia Global Appraisal Advisory Limited, the independent professional qualified valuer not connected to the Group.

The fair value of the Group's investment properties were revalued by Ravia Global Appraisal Advisory Limited on 31 December 2023 and 2022. The valuation was determined using the direct comparison method by making reference to comparable market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject properties. There has been no change from the valuation techniques used in the prior year.

The key input was the market price per square feet or per car parking space. The valuation takes into account the characteristics which include the location, size, shape, view, floor level, year of completion and other factors collectively, to arrive at the market price.

Management reviews the valuation performed by the independent valuer for financial reporting purposes on a yearly basis. The review includes verification of all major inputs to the valuation, assessing property valuation movements and discussions with the independent valuer. Management considers that the current use of investment properties equates the highest and best use.

The investment properties are leased to third parties under operating leases, further summary details of which are included in Note 14 to the consolidated financial statements.

At 31 December 2023, the Group's investment properties with a carrying value of approximately HK$598,000,000 (2022: HK$649,000,000) were pledged to secure general banking facilities granted to the Group *(Note 21)*.

15. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December using			
	Quoted prices in active markets (Level 1) *HK$'000*	**Significant observable inputs (Level 2)** *HK$'000*	**Significant unobservable inputs (Level 3)** *HK$'000*	**Total** *HK$'000*
Recurring fair value measurement for:				
2023				
Car parking spaces	**–**	**–**	**55,800**	**55,800**
Commercial properties	**–**	**–**	**849,000**	**849,000**
Residential properties	**–**	**–**	**204,200**	**204,200**
Industrial properties	**–**	**–**	**544,820**	**544,820**
	–	**–**	**1,653,820**	**1,653,820**
2022				
Car parking spaces	–	–	51,000	51,000
Commercial properties	–	–	900,000	900,000
Residential properties	–	–	202,600	202,600
Industrial properties	–	–	544,820	544,820
	–	–	1,698,420	1,698,420

During the year ended 31 December 2023, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2022: Nil).

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15. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Car parking spaces *HK$'000*	Commercial properties *HK$'000*	Residential properties *HK$'000*	Industrial properties *HK$'000*	Total *HK$'000*
Carrying amount at 1 January 2022	51,000	897,800	203,300	544,820	1,696,920
Fair value changes on investment properties	–	2,200	(700)	–	1,500
Carrying amount at 31 December 2022 and 1 January 2023	51,000	900,000	202,600	544,820	1,698,420
Fair value changes on investment properties	4,800	(51,000)	1,600	–	(44,600)
Carrying amount at 31 December 2023	**55,800**	**849,000**	**204,200**	**544,820**	**1,653,820**

15. INVESTMENT PROPERTIES *(continued)*

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation technique and inputs used):

Investment properties	Valuation technique	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Car parking spaces 2023: HK$55,800,000 2022: HK$51,000,000	Direct comparison	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property.	A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.
		Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, ranging from 0% – 1.70% (2022: 0% – 2.85%).	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa
Commercial properties 2023: HK$849,000,000 2022: HK$900,000,000	Direct comparison	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, which ranged from HK$10,945 to HK$12,902 per square foot ("**sqft**") (2022: HK$10,945 to HK$14,002 per sqft).	A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.
		Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, ranging from 0% – 1.94% (2022: 0% – 1.70%).	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
Residential properties 2023: HK$204,200,000 2022: HK$202,600,000	Direct comparison	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, which ranged from HK$7,147 to HK$22,908 per sqft (2022: HK$6,056 to HK$22,908 per sqft).	A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.
		Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, ranging from 0% – 2.75% (2022: 1.06% – 2.62%).	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
Industrial properties 2023: HK$544,820,000 2022: HK$544,820,000	Direct comparison	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, which ranged from HK$6,000 to HK$6,004 per sqft (2022: HK$6,000 to HK$6,004 per sqft).	A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.
		Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, ranging from 0% – 2.31% (2022: 0% – 2.30%).	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.

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16. TRADE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**224**	1,525

Trade receivables mainly consist of receivables from rental receivables, the tenants are usually required to settle the rental payments on the first day of the rental period, and are required to pay rental deposits with amount ranging from two to three months' rentals in order to secure any default in their rental payments. The Group does not hold any other collateral or other credit enhancements over its trade receivables balances.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2023	2022
	HK$'000	*HK$'000*
Within 1 month	**202**	776
1 to 2 months	**18**	117
2 to 3 months	**–**	–
3 to 12 months	**3**	631
Over 1 year	**1**	1
	224	1,525

At 31 December 2023 and 2022, the allowance for credit loss represents lifetime ECL recognised for trade receivables under simplified approach. Details of impairment assessment of trade receivables for the years ended 31 December 2023 and 2022 are set out in Note 31 to the consolidated financial statements. No loss allowance on trade receivables is recognised as at 31 December 2023 (2022: Nil).

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 31 December 2023 and 2022, the allowance for credit loss represents a 12-month ECL recognised for deposits and other receivables under general approach. Details of impairment assessment of deposits and other receivables for the year ended 31 December 2023 and 2022 are set out in Note 31 to the consolidated financial statements. No loss allowance on deposits and other receivables is recognised as at 31 December 2023 (2022: Nil).

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to other receivables for which there was no recent history of default.

18. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	HK$'000	*HK$'000*
Listed equity investments, at fair value	**53**	72

The above listed equity investments at 31 December 2023 and 2022 were classified as equity investments at fair value through profit or loss as they were held for trading.

19. CASH AND CASH EQUIVALENTS

	2023	2022
	HK$'000	*HK$'000*
Cash and bank balances	**8,017**	9,792
Time deposits with original maturity of less than three months	**150,975**	163,989
Cash and cash equivalents	**158,992**	173,781

Cash at banks earns interest at floating rates based on daily bank deposits rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

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20. OTHER PAYABLES AND ACCRUALS

	2023	2022
	HK$'000	*HK$'000*
Accruals	**846**	2,151
Other payables	**7,660**	5,779
Rental deposits received	**8,022**	8,084
	16,528	16,014

Other payables are non-interest-bearing and repayable on demand.

21. INTEREST-BEARING BANK BORROWINGS

	2023			2022		
	Contractual interest rate (%)	**Maturity**	***HK$'000***	Contractual interest rate (%)	Maturity	*HK$'000*
Current liabilities						
Secured bank loans denominated in Hong Kong dollars	**HIBOR + 0.95%**	**2026 or on demand**	**144,000**	HIBOR + 0.95%	2026 or on demand	147,000

The scheduled principal repayment dates of the Group with reference to the loan agreements and ignore the effect of any repayment on-demand clause are as follows:

	2023	2022
	HK$'000	*HK$'000*
Analysed into:		
Interest-bearing bank borrowings repayable:		
Within one year	**3,000**	3,000
In the second year	**3,000**	3,000
In the third to fifth years, inclusive	**138,000**	141,000
	144,000	147,000

The Group's bank loans are secured by:

(i) mortgages over the Group's certain investment properties situated in Hong Kong, which had an aggregate carrying value at the end of the reporting period of approximately HK$598,000,000 (2022: HK$649,000,000); and

(ii) the Company has guaranteed the Group's bank loans up to HK$280,000,000 (2022: HK$280,000,000) as at the end of the reporting period.

22. AMOUNTS DUE TO A DIRECTOR/FELLOW SUBSIDIARIES

The amounts due are unsecured, interest-free and repayable on demand.

23. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the year are as follows:

	Depreciation allowance in excess of related depreciation *HK$'000*	**Revaluation of properties** *HK$'000*	**Total** *HK$'000*
At 1 January 2022	20,520	5,028	25,548
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year *(Note 10)*	1,240	(112)	1,128
Exchange realignment	–	(430)	(430)
At 31 December 2022 and 1 January 2023	**21,760**	**4,486**	**26,246**
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year *(Note 10)*	**816**	**(110)**	**706**
Exchange realignment	**–**	**(73)**	**(73)**
At 31 December 2023	**22,576**	**4,303**	**26,879**

The Group has tax losses arising in Hong Kong of approximately HK$122,806,000 (2022: approximately HK$118,902,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

24. SHARE CAPITAL

Shares

	2023 *HK$'000*	2022 *HK$'000*
Authorised:		
2,000,000,000 ordinary shares of par value HK$0.1 each	**200,000**	200,000
Issued and fully paid:		
388,183,600 ordinary shares of par value HK$0.1 each	**38,818**	38,818

Share options

Details of the Company's share option schemes and the share options issued under the Schemes are included in Note 25 to the consolidated financial statements.

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25. SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed on 25 May 2023 as to provide incentives and rewards to eligible participants who contribute to the success of the business of the Group.

Under the Scheme, the directors of the Company may at their absolute discretion and subject to the terms of the Scheme, grant options to any employees (full-time or part-time), directors, shareholders, advisers, consultants or service providers of the Group, to subscribe for shares of the Company. The eligibility of any participants to the grant of any options shall be determined by the directors from time to time on the basis of the directors' opinion as to their contribution to the development and growth of the Group.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time.

The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approval by the independent non-executive directors of the Company (excluding any independent nonexecutive director who is the grantee). Where any share options granted to a substantial shareholder or an independent nonexecutive director of the Company, or any of their respective close associates would result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue must be approved by the Company's shareholders at the general meeting of the Company, with such participant and his/her close associates abstaining from voting.

The exercise period of the share options granted is determinable by the directors, commences after a certain vesting period and ends on a date which is not later than 10 years from the date of grant of the option.

The subscription price shall be a price determined by the board of directors of the Company and notified to a participant and shall be at least the higher of: (i) the closing price of the Company's shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the offer date, which must be a business day; (ii) the average closing prices of the Company's shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the offer date; and (iii) the nominal value of the Company's share on the offer date.

The Scheme shall be valid and effective for a period of ten years commencing on 25 May 2023 subject to early termination provisions contained in the Scheme.

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 December 2023 (2022: Nil).

26. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities:

	Dividend payables* HK$'000	Interest-bearing bank borrowings HK$'000	Amount due to a director HK$'000	Amounts due to fellow subsidiaries HK$'000	Total HK$'000
At 1 January 2023	**1,042**	**147,000**	**1,591**	**159,269**	**308,902**
Cash inflow/(outflow):					
Repayment of interest-bearing bank borrowings	–	**(3,000)**	–	–	**(3,000)**
Interest paid	–	**(7,398)**	–	–	**(7,398)**
Advance from a director	–	–	**5**	–	**5**
Repayment to a director	–	–	**(1,596)**	–	**(1,596)**
Advance from fellow subsidiaries	–	–	–	**203,936**	**203,936**
Repayment to fellow subsidiaries	–	–	–	**(212,504)**	**(212,504)**
Dividends paid	**(7,405)**	–	–	–	**(7,405)**
Non-cash transactions:					
Dividends	**7,763**	–	–	–	**7,763**
Interest expenses	–	**7,627**	–	–	**7,627**
Accrued interest	–	**(229)**	–	–	**(229)**
At 31 December 2023	**1,400**	**144,000**	–	**150,701**	**296,101**

	Dividend payables* HK$'000	Interest-bearing bank borrowings HK$'000	Amount due to a director HK$'000	Amounts due to fellow subsidiaries HK$'000	Total HK$'000
At 1 January 2022	541	150,000	1,531	155,938	308,010
Cash inflow/(outflow):					
Repayment of interest-bearing bank borrowings	–	(3,000)	–	–	(3,000)
Interest paid	–	(3,199)	–	–	(3,199)
Advance from a director	–	–	60	–	60
Advance from fellow subsidiaries	–	–	–	162,635	162,635
Repayment to fellow subsidiaries	–	–	–	(159,273)	(159,273)
Dividends paid	(10,368)	–	–	–	(10,368)
Non-cash transactions:					
Dividends	10,869	–	–	–	10,869
Interest expenses	–	3,400	–	–	3,400
Accrued interest	–	(201)	–	–	(201)
Exchange realignment	–	–	–	(31)	(31)
At 31 December 2022	1,042	147,000	1,591	159,269	308,902

* *Included in other payables and accruals*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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27. CORPORATE GUARANTEES

At 31 December 2023, the Company has given corporate guarantees in favour of banks for banking facilities granted to its subsidiary to the extent of approximately HK$280,000,000 (2022: HK$280,000,000), of which approximately HK$150,000,000 (2022: HK$150,000,000) was utilised.

In the opinion of the directors, no material liabilities will arise from the above corporate guarantees which arose in the ordinary course of business of the Group and the fair values of the corporate guarantees granted by the Company are immaterial.

28. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	2023	2022
	HK$'000	*HK$'000*
Fellow subsidiaries:		
Rental expenses *(Note (i))*	**900**	867
Rental income *(Note (ii))*	**–**	1,220

Notes:

(i) Rental expenses charged by Chater Land Limited were based on office areas occupied by the Group at a rent agreed by both parties.

(ii) Rental income received from Multifield (Holdings) Limited at a rent agreed by both parties.

(b) Outstanding balances with related parties

The Group has an outstanding balance due to its fellow subsidiaries of approximately HK$150,701,000 (2022: HK$159,269,000) as at 31 December 2023. This balance is unsecured, interest-free and repayable on demand.

The Group has an outstanding balance due to its director of approximately HK$1,591,000 as at 31 December 2022. This balance is unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel of the Group

The directors' and chief executive's emoluments are included in Note 8 to the consolidated financial statements.

29. FINANCIAL INSTRUMENTS BY CATEGORY

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

2023

Financial assets

	Financial assets at fair value through profit or loss *HK$'000*	Financial assets at amortised cost *HK$'000*	Total *HK$'000*
Trade receivables	–	224	224
Financial assets included in deposits and other receivables	–	1,040	1,040
Equity investments at fair value through profit or loss	53	–	53
Cash and cash equivalents	–	158,992	158,992
	53	160,256	160,309

Financial liabilities

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities included in other payables and accruals	14,030
Interest-bearing bank borrowings	144,000
Amounts due to fellow subsidiaries	150,701
	308,731

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

29. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

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

2022

Financial assets

	Financial assets at fair value through profit or loss *HK$'000*	Financial assets at amortised cost *HK$'000*	Total *HK$'000*
Trade receivables	–	1,525	1,525
Financial assets included in deposits and other receivables	–	910	910
Equity investments at fair value through profit or loss	72	–	72
Cash and cash equivalents	–	173,781	173,781
	72	176,216	176,288

Financial liabilities

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities included in other payables and accruals	16,014
Interest-bearing bank borrowings	147,000
Amount due to a director	1,591
Amounts due to fellow subsidiaries	159,269
	323,874

30. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The fair value of cash and cash equivalents, trade receivables, financial assets included in deposits and other receivables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, amount due to a director and amounts due to fellow subsidiaries are not materially different from their carrying amounts because of the immediate or the short term maturities of these instruments.

As detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values:

	Fair value as at			**Valuations**
	2023	2022	**Fair value**	**technique(s)**
	HK$'000	*HK$'000*	**hierarchy**	**and key inputs**
Assets				
Listed equity securities	**53**	72	Level 1	Quoted bid prices in an active market

Fair value hierarchy

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

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) ***HK$'000***	**Significant observable inputs (Level 2)** ***HK$'000***	**Significant unobservable inputs (Level 3)** ***HK$'000***	**Total** ***HK$'000***
At 31 December 2023				
Equity investments at fair value through profit or loss	**53**	**–**	**–**	**53**
At 31 December 2022				
Equity investments at fair value through profit or loss	72	–	–	72

The Group did not have any financial liabilities measured at fair value at 31 December 2023 and 2022.

During the year ended 31 December 2023, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2022: Nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, amounts due to fellow subsidiaries, equity investments at fair value through profit or loss, and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets and liabilities such as trade receivables, other receivables and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rates.

The Group's policy to manage its interest rate risk is to reduce or maintain its current level of interest-bearing borrowings. As the Group does not expect to significantly increase its level of interest-bearing borrowings, it has not used any interest rate swaps to hedge its exposure to interest rate risk.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	**(Decrease)/ increase in profit before tax** *HK$'000*	**Increase/ (decrease) in equity*** *HK$'000*
2023			
Hong Kong dollar	**50**	**(720)**	**–**
Hong Kong dollar	**(50)**	**720**	**–**
2022			
Hong Kong dollar	50	(735)	–
Hong Kong dollar	(50)	735	–

* *Excluding retained profits*

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk

The Group is exposed to foreign currency risk as certain cash and bank balances are denominated in foreign currencies, principally denominated in United States dollar and Renminbi ("RMB"), which are different from the Group's functional currency.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity. As Hong Kong dollar is pegged to United States dollar within a narrow range, it is considered that the amount had no significant exposure to foreign exchange risk relating to this currency.

	(Decrease)/ increase in RMB rate %	Increase/ (decrease) in profit before tax *HK$'000*	Increase/ (decrease) in equity* *HK$'000*
2023			
If Hong Kong dollar weakens against RMB	**(5)**	**54**	**–**
If Hong Kong dollar strengthens against RMB	**5**	**(54)**	**–**
2022			
If Hong Kong dollar weakens against RMB	(5)	54	–
If Hong Kong dollar strengthens against RMB	5	(54)	–

* *Excluding retained profits*

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

As at 31 December 2023 and 2022, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is equal to the carrying amount of respective recognised financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the Group holds rental deposits from tenants for leasing of properties. The Group has no significant concentration of credit risk as credits are granted to a large population of clients.

Trade receivables from rental receivables

In order to minimise the credit risk, the management of the Group will internally assess the credit quality of the potential tenants before accepting any new tenants. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances from rental receivables based on provision matrix.

Other receivables

No allowance for impairment was made for other receivables since the directors of the Company consider the probability of default is minimal after assessing the counter-parties' financial background and creditability.

Short-term bank deposits/fixed bank deposits/bank balances

The credit risk on short-term bank deposit, fixed bank deposits and bank balances are limited because the majority of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no other significant concentration of credit risk.

The Group uses four categories for those receivables which reflect their credit risk and how the loss provision is determined for each of those categories.

Category	Group definition of category	Basis for recognition of ECL
Performing	The counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
Default	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime ECL for trade receivables from rental receivables. To measure the expected credit losses, these trade receivables have been based on past due status, historical credit loss experience based on the past default experience of the Group and are adjusted with forward-looking information. On that basis, the Group assessed that there is no loss allowance recognised in accordance with HKFRS 9 at 31 December 2023 and 2022.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

For the purpose of impairment assessment for other receivables, the management considered that the credit risk of these financial assets have not significantly increased since initial recognition. The Group has assessed and concluded that the expected credit loss rate for these receivables is immaterial under 12-month ECL method after taken into account the historical default experience, historical settlement records, collateral values as well as the loss upon default in each case and are adjusted with forward-looking information.

Liquidity risk

In the management of its liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on-demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average interest rate	**On demand and less than 3 months**	**3 to less than 12 months**	**1 to 5 years**	**Over 5 years**	**Total undiscounted cash flows**	**Total carrying amount**
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2023							
Other payables and accruals	**–**	**14,030**	**–**	**–**	**–**	**14,030**	**14,030**
Interest-bearing bank borrowings	**HIBOR +0.95%**	**168,123**	**–**	**–**	**–**	**168,123**	**144,000**
Amounts due to fellow subsidiaries	**–**	**150,701**	**–**	**–**	**–**	**150,701**	**150,701**
		332,854	**–**	**–**	**–**	**332,854**	**308,731**

	Weighted average interest rate	On demand and less than 3 months	3 to less than 12 months	1 to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2022							
Other payables and accruals	–	16,014	–	–	–	16,014	16,014
Interest-bearing bank borrowings	HIBOR +0.95%	176,411	–	–	–	176,411	147,000
Amount due to a director	–	1,591	–	–	–	1,591	1,591
Amounts due to fellow subsidiaries	–	159,269	–	–	–	159,269	159,269
		353,285	–	–	–	353,285	323,874

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

Interest-bearing bank borrowings with a repayment on-demand clause are included in the "on demand or less than 3 months" time band in the above maturity analysis. As at 31 December 2023, the aggregate carrying amounts of these borrowings amounted to HK$144,000,000 (2022: HK$147,000,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks/financial institution will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. Aggregate principal and interest cash outflows are set out below:

	Weighted average interest rate *%*	**Less than 3 months** *HK$'000*	**3 months to 12 months** *HK$'000*	**1 to 5 years** *HK$'000*	**Over 5 years** *HK$'000*	**Total undiscounted cash flows** *HK$'000*	**Total carrying amount** *HK$'000*
As at 31 December 2023							
Interest-bearing bank borrowings	**HIBOR +0.95%**	**2,258**	**9,844**	**156,021**	**–**	**168,123**	**144,000**

	Weighted average interest rate *%*	Less than 3 months *HK$'000*	3 months to 12 months *HK$'000*	1 to 5 years *HK$'000*	Over 5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Total carrying amount *HK$'000*
As at 31 December 2022							
Interest-bearing bank borrowings	HIBOR +0.95%	2,029	9,150	165,232	–	176,411	147,000

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from listed equity securities classified as equity investments at fair value through profit or loss *(Note 18)* as at 31 December 2023 and 2022. The Group's listed investments are mainly listed on the Hong Kong Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The market equity indices for the following stock exchange, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year were as follows:

	31 December 2023	**High/low 2023**	31 December 2022	High/low 2022
Hong Kong – Hang Seng Index	**17,047**	**22,689** **16,201**	19,781	24,966/ 14,687

The following table demonstrates the sensitivity to every 10% change in the fair values of the listed equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Carrying amount of equity investments *HK$'000*	**Increase/ (decrease) in profit before tax** *HK$'000*	**Increase/ (decrease) in equity*** *HK$'000*
2023			
Investments listed in Hong Kong			
– Held for trading	**53**	**5** **(5)**	**–**
2022			
Investments listed in Hong Kong			
– Held for trading	72	7/ (7)	–

* *Excluding retained profits*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

The Group monitors capital using a debt-to-equity ratio, which is total debt (including interest-bearing bank borrowings, amount due to a director and amounts due to fellow subsidiaries) divided by the shareholders' equity. The debt-to-equity ratios at the end of the reporting periods were as follows:

	2023 ***HK$'000***	2022 *HK$'000*
Interest-bearing bank borrowings	**144,000**	147,000
Amount due to a director	–	1,591
Amounts due to fellow subsidiaries	**150,701**	159,269
Total debt	**294,701**	307,860
Equity attributable to owners of the Company	**1,471,711**	1,520,227
Debt-to-equity ratio	**20.02%**	20.25%

32. EVENTS AFTER THE REPORTING PERIOD

On 8 March 2024, Rich Return Development Sdn. Bhd. ("**Rich Return**") (an indirect wholly-owned subsidiary of the Company) entered into a share subscription, share sale and shareholders' agreement (the "**Agreement**") with Securidon Sdn. Bhd. ("**Securidon**"), Temokin Development Sdn. Bhd. ("**Temokin**") and Torus Development Sdn. Bhd. (the "**JV Company**") in respect of formation of a joint venture (the "**Joint Venture**") for engaging in the acquisition and development of the land. The total maximum capital commitment of Rich Return in the JV Company is Ringgit Malaysian 65,000,000 (equivalent to approximately HK$106,022,000).

Upon completion of the transactions, the JV Company will be owned as to 49% by Rich Return, 30% by Securidon and 21% by Temokin respectively. The JV Company will not be a subsidiary of the Company, and its financial results will not be consolidated into the consolidated financial statements of the Company.

For details, please refer to the announcement of the Company dated 8 March 2024.

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023	2022
	HK$'000	*HK$'000*
NON-CURRENT ASSETS		
Investments in subsidiaries	**1,067,178**	1,067,178
Club debenture	**330**	330
Total non-current assets	**1,067,508**	1,067,508
CURRENT ASSETS		
Amounts due from subsidiaries	**589,495**	589,495
Prepayments and other receivables	**441**	402
Equity investments at fair value through profit or loss	**53**	72
Cash and cash equivalents	**1,499**	1,193
Total current assets	**591,488**	591,162
CURRENT LIABILITIES		
Amounts due to subsidiaries	**227,636**	219,922
Other payables and accruals	**1,434**	1,063
Total current liabilities	**229,070**	220,985
NET CURRENT ASSETS	**362,418**	370,177
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,429,926**	1,437,685
EQUITY		
Issued capital	**38,818**	38,818
Reserves *(Note)*	**1,391,108**	1,398,867
TOTAL EQUITY	**1,429,926**	1,437,685

Lau Chi Yung, Kenneth
Chairman

Lau Michael Kei Chi
Vice-Chairman

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account *HK$'000*	Capital redemption reserve *HK$'000*	Contributed surplus *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
At 1 January 2022	579,126	546	88,380	363,190	1,031,242
Final 2021 dividend declared	–	–	–	(7,764)	(7,764)
Interim 2022 dividend	–	–	–	(3,105)	(3,105)
Total comprehensive income for the year	–	–	–	378,494	378,494
At 31 December 2022 and 1 January 2023	579,126	546	88,380	730,815	1,398,867
Final 2022 dividend declared	–	–	–	(4,658)	(4,658)
Interim 2023 dividend	–	–	–	(3,105)	(3,105)
Total comprehensive income for the year	–	–	–	4	4
At 31 December 2023	**579,126**	**546**	**88,380**	**723,056**	**1,391,108**

The Company's contributed surplus represents the difference arising between the nominal value of the Company's shares issued in exchange for the issued share capital of the subsidiaries and the value of the net assets of the subsidiaries acquired at the time of the Group's reorganisation in prior years. Under the Companies Act of Bermuda, the contributed surplus is distributable to shareholders in certain circumstances prescribed by Section 54 thereof.

34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2024.

1. ABOUT THIS REPORT

Oriental Explorer Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group", "we/our" or "us") engage in property investment and investment holdings. This report (this "ESG Report") is prepared in accordance with the Environmental, Social and Governance ("ESG") Reporting Guide (the "ESG Reporting Guide") set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") to present those aspects and key performance indicators ("KPIs") which are relevant to the Group's businesses and operations for the year ended 31 December 2023 (the "Reporting Period").

BOARD STATEMENT ON ESG GOVERNANCE

The board of directors of the Company (the "Board") takes the overall responsibility for the Group's sustainability strategy and reporting, evaluating and determining the Group's ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

The Board has established a sustainability committee which comprises directors and senior management. The sustainability committee evaluates, prioritizes and advises on the effectiveness of the Group's sustainability strategy and policies and reports regularly to the Board for reviewing on its operations and the progress made against ESG-related goals and targets.

REPORTING PRINCIPLES

The following reporting principles have been applied in the preparation of this ESG Report:

Materiality: The Group communicates with its major stakeholder groups on a regular basis to identify and assess ESG-related issues that matter most from their perspectives. Details of significant stakeholders identified, and the process and results of the Group's stakeholder engagements are set out in the section headed "STAKEHOLDER ENGAGEMENT".

Quantitative: Quantitative information/KPIs presented in this ESG Report are accompanied by narrative, explanation and comparison wherever applicable.

Balance: This ESG Report aims to disclose data in an objective way, which aims to provide stakeholders with a balance overview of the Group's overall ESG performance.

Consistency: Unless otherwise stated, the Group adopts consistent methodologies and retrieves social and environmental KPIs from the Group's internal record system. The scope of reporting and KPIs are consistent with those of the previous report to allow meaningful comparison over time.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SCOPE OF REPORTING

The disclosures on environmental aspects in this ESG Report cover majority of the key revenue generating activities of the Group, including the operations of the Group's headquarter office in Hong Kong and Multifield Centre, an office building wholly owned by the Group located at Yau Ma Tei, Kowloon.

The scope of reporting of this ESG Report is the same as that of the Company's ESG report for 2022.

This ESG Report covers the Group's ESG performance in environmental and social aspects. For details of the Group's corporate governance practices during the Reporting Period, please refer to the Corporate Governance Report included in the Company's 2023 Annual Report.

STAKEHOLDERS' FEEDBACK

We sincerely welcome your feedback on this ESG Report and our ESG performance. Please contact us by any of the following means to share your comments with us:

Address: Units 22-28, 25/F, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong.
Phone: (852) 2802 2668
Fax: (852) 2802 2178

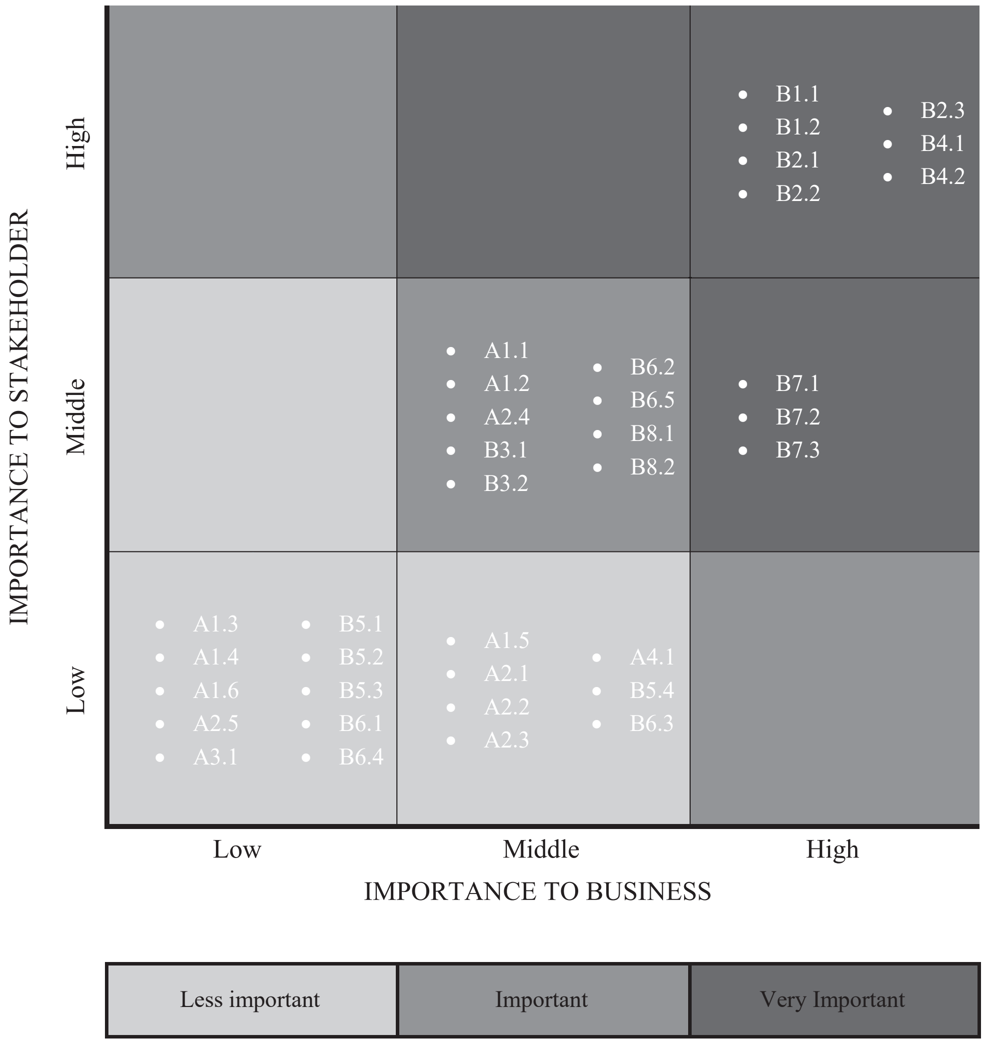
2. STAKEHOLDER ENGAGEMENT

Our stakeholders play a crucial role in sustaining the success of our business, we make use of various communication channels to understand and engage our stakeholders. Expectations and demands of our stakeholders and the communication channels are as follows:

Stakeholders	Communication channels	Expectations
Stock Exchange	• Meetings • Training and workshops • Company website • Announcements	• Compliance with Listing Rules • Timely and accurate disclosures
Government and regulatory authorities	• Interaction and visits • Inspections • Statutory filings	• Compliance with laws and regulations • Fulfilment of tax obligation
Employees	• Training programmes • Interviews • Internal memos • Employee suggestion boxes	• Work hours, benefits and compensation • Working environment • Career development
Customers	• Company website • Contract signing • E-mail and phone	• Service quality • Service value • Personal data protection
Investors	• Shareholders' meetings • Financial reports • Announcements • Company website	• Corporate governance • Business strategies • Investment returns
Suppliers	• Site visits • Business meetings • Company website • E-mail and phone	• Payment schedule • Stable demand
Community	• Community activities • Company website • Email and phone	• Community environment • Employment opportunities

3. MATERIALITY ASSESSMENT

During the Reporting Period, we engaged our internal stakeholders to conduct a materiality assessment to identify ESG issues which are material with respect to our operations. Adopting the KPI numbering used in the ESG Reporting Guide, the materiality matrix illustrating prioritisation of issues along internal and external dimensions is set out below:



We will develop strategies and allocate resources to address concerns over material ESG issues identified, and will also look for ways to engage different stakeholders such as investors, customers, or local communities, so as to gain a wider understanding of ESG material issues.

4. ENVIRONMENTAL ASPECTS

4.1 EMISSIONS

We are dedicated to protecting the environment and integrating environmental considerations into our daily operations. We strive to minimise all forms of emissions associated with our business activities, primarily by implementing and providing sufficient resources for effective emissions reduction measures.

We strictly comply with all applicable laws and regulations that are considered to have a significant impact on us, including:

- Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong)
- Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong)
- Water Pollution Control Ordinance (Cap. 358 of the Laws of Hong Kong)
- Noise Control Ordinance (Cap. 400 of the Laws of Hong Kong)

During the Reporting Period, no cases of non-compliance with any of the above laws and regulations were noted.

AIR AND GREENHOUSE GAS EMISSIONS

Majority of the air emissions we generated during the Reporting Period were air pollutants and greenhouse gases associated with the consumption of purchased electricity and use of vehicles.

Types of emissions and the respective emissions data of the Group for the Reporting Period are as follows:

Air pollutants

Emission type	Unit	2023	Intensity (per facility[1])
Nitrogen Oxides (NOx)	kg	**N/A**	N/A
Sulphur Oxides (SOx)	kg	**0.0109**	0.0055
Particulate Matter (PM)	kg	**N/A**	N/A

Note:

1. There were 2 investment properties within the reporting boundary of this ESG Report during the Reporting Period

Greenhouse gas

	Carbon dioxide equivalent (tonnes)	
Emission type	**2023**	2022
Scope 1[1]	**1.8**	0.1
Scope 2[2]	**57.4**	55.7
Scope 3[3]	**N/A**	0.3
Total greenhouse gas emission	**59.1**	56.2
Intensity[4] (per vehicle[5])	**0.9**	0.07
Intensity[6] (per facility)	**28.7**	27.86

Notes:

1. Scope 1 includes all direct greenhouse gas emissions.

2. Scope 2 includes energy indirect greenhouse gas emissions.

3. Scope 3 includes other indirect greenhouse gas emissions including emissions due to paper waste disposed at landfill, electricity used for fresh water and sewage processing. Insignificant emission amounts are neglected in calculations.

4. The intensity is calculated by dividing Scope 1 emission with the number of vehicles in services during the Reporting Period.

5. There were 2 vehicles in services for the Group during the Reporting Period.

6. The intensity is calculated by dividing Scope 2 emission with the number of properties owned by the Group during the Reporting Period.

We have set a target of 20% reduction in absolute emissions by 2030 from the base year of 2020. In order to reach this goal, we strive to reduce electricity consumption through various measures as described in the section headed "USE OF RESOURCES" below.

WASTE MANAGEMENT

Non-hazardous waste produced by our business activities comprises mainly waste paper and general garbage associated with the operations of our offices. We have implemented measures to reduce non-hazardous waste, such as placing recycling bins in the Group's buildings and offices to facilitate recycling of recyclable waste, and displaying notices in common areas of these buildings and offices enhance awareness to the importance of waste reduction and recycling. We consider the amount of non-hazardous waste the Group produced during the Reporting Period was immaterial.

Due to our business nature, we are not aware of any hazardous waste produced by the Group's operations during the Reporting Period.

4.2 USE OF RESOURCES

Resources we consume are primarily energy, water, and paper. We consider we do not have heavy reliance on the availability of natural resources compared with businesses such as manufacturing, construction, or refinery, etc. Nevertheless, we are committed to minimise our consumption of natural resources.

Information on our energy and water consumption during the Reporting Period is as follows:

Direct energy consumption

Energy type	Unit	2023
Diesel	kWh'000	7.2
Total direct energy consumption	**kWh'000**	**7.2**

Indirect energy consumption

Energy type	Unit	2023
Electricity	kWh'000	147.3
Total indirect energy consumption	**kWh'000**	**147.3**
Total energy consumption	**kWh'000**	**154.5**
Intensity (per facility)	**kWh'000**	**77.3**

We have set a target to reduce our energy consumption intensity from fossil fuels to 20% below the 2020 level by 2030 and have implemented, among others, the following energy conservation measures to reach this goal:

1) procure energy-efficient appliances;

2) turn on power saving mode for office equipment if not in use;

3) switch off air conditioning and lighting systems after office hours;

4) advise employees to put their computers in hibernation mode and turn off all other office equipment when not in use;

5) keep all the doors and windows closed when the air conditioners are in operation;

6) set the air conditioning at 25 degrees Celsius; and

7) arrange electronic meetings in place of physical meetings when permissible.

Water usage

Total water consumption	Unit	2023	Intensity (per facility)
Water consumed	m^3	**530**	265

During the Reporting Period, we did not have any issue in sourcing water that is fit for our purpose.

The Company aims to generate minimal quantities of water consumption in the coming year, the following water conservation measures to reach this goal:

1) inspect taps regularly and repair any dripping promptly;

2) inspect water mains regularly and rectify leakage promptly;

3) install flow controllers in plumbing fixtures; and

4) retrofit aged appliances and fixtures with high water use efficiency models.

4.3 THE ENVIRONMENT AND NATURAL RESOURCES

Our impacts on the environment and natural resources are primarily associated with the abovementioned air and greenhouse gas emissions, non-hazardous waste produced, and the consumption of energy and other resources and therefore we consider the Group's operations do not have a significant impact on the environment and natural resources.

In addition to the targets set and measures implemented in relation to emissions reduction and resources conservation mentioned in the above sections, we will continue to explore ways to further reduce our impacts on environment and natural resources, and will continue to operate in strict compliance with all relevant laws and regulations.

4.4 CLIMATE CHANGE

Global warming has been one of the utmost concerned issues in recent years, which might induce extreme weather conditions such as extreme heavy rainfalls, flooding and typhoons etc.

During the Reporting Period, we have not been seriously affected by the extreme weather conditions as we have adopted various emergency plans to prevent the disruption of our operation such as working arrangement in black rainstorm warning and/or typhoon signal 8 situation.

Even though we expect that potential extreme weather condition and sustained high temperature do not have a material impact on our operations, we will continue to monitor the climate-related risks and implement relevant measures to minimise the potential impact of climate change.

4.5 PACKAGING MATERIAL

Due to our business nature, we do not use packaging material in our ordinary course of business.

5. EMPLOYMENT AND LABOUR PRACTICES

5.1 EMPLOYMENT

Employees are our most valuable assets and the success of the Group's business depends on our workforce. We highly appreciates the contributions from employees and are determined to reward and maintain our employees through provision of attractive remuneration package, a safe working environment, and a harmonious workplace which is free from any form of discrimination and improper treatment.

It is our policy to give everyone equal opportunities in our recruitment and promotion process regardless of race, social class, age, nationality, religion, disability, gender, or sexual orientation, etc.

Matters in relation to compensation, dismissal, recruitment, promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare are structured to comply with all applicable laws and regulations, which include but not limited to:

- Employment Ordinance (Cap. 57 of the Laws of Hong Kong)
- Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong)
- Minimum Wage Ordinance (Cap.608 of the Laws of Hong Kong)
- Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong)
- Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong)

During the Reporting Period, no cases of non-compliance with any of the above laws and regulations were noted.

Information on our total workforce by gender, age group, employment type, and geographical region as at 31 December 2023 is illustrated as follows:

		Number of employees	Proportion
Overall		6	100%
By gender	Male	3	50.0%
	Female	3	50.0%
By age	Aged below 30	1	16.7%
	Aged between 31 and 40	1	16.7%
	Aged between 41 and 60	4	66.6%
	Aged above 60	0	0.0%
By employment type	Junior	3	50.0%
	Middle	2	33.3%
	Senior	1	16.7%
	Contract or short term	0	0.0%
By geographical region	Hong Kong	6	100%

Information on our employee turnover rate by gender, age group, and geographical region for the Reporting Period is illustrated as follows:

		Employee turnover rates
Overall		57.1%
By gender	Male	57.1%
	Female	0.0%
By age	Aged below 30	100.0%
	Aged between 31 and 40	0.0%
	Aged between 41 and 60	25.0%
	Aged above 60	N/A
By geographical region	Hong Kong	33.3%

5.2 WORKPLACE HEALTH AND SAFETY

Our operations do not involve high-risk activities. We attach great importance to occupational safety, hygiene and health of our employees and make all efforts to build a safe and comfortable working environment for our employees.

Matters relating to health and safety of our employees are structured to comply with all relevant laws and regulations such as the Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong).

During the Reporting Period, no cases of non-compliance with any laws and regulations relating to health and safety of employees were noted.

Information on the number and rate of work-related fatalities occurred in each of the past three years including the Reporting Period is illustrated as follows:

	Year ended 31 December		
	2023	2022	2021
Number of work-related fatalities	**0**	0	0
Rate of work-related fatalities (%)	**0**	0	0

There was not any lost day due to work injury during the Reporting Period.

To protect our employees from occupational hazards, we have adopted, among others, the following occupational health and safety measures:

1) Put in place sufficient first aid kits and fire extinguishers are made available at workplaces for emergency preparedness;

2) Provide medical insurance benefits to eligible full-time employees;

3) Install air purifier to improve air quality and working environment for our employees;

4) Provide protective and disinfection products such as face masks and alcohol-based hand sanitizer to employees; and

5) Encourage our employees to participate in rescue, fire and evacuation drills to enhance safety awareness.

5.3 DEVELOPMENT AND TRAINING

Competence of our employees are crucial to the continuous growth and success of our businesses. We are committed to providing our employees with opportunities to acquire job-related knowledge by receiving relevant training and development programs, which include on-the-job training, seminars, workshops, site visits and formal training programs. We have implemented policies to encourage our employees to participate in job related continuing education and professional development programs, such as making available to them paid examination leave and reimbursement of tuition, seminar or workshop fees.

Information on training and development of our employees is illustrated as follows:

Percentage of employees trained		**2023**	2022
Overall		**50.0%**	42.9%
By gender	Male	**57.1%**	50.0%
	Female	**40.0%**	33.3%
By employment type	Junior	**66.7%**	33.3%
	Middle	**50.0%**	0.0%
	Senior	**0.0%**	100.0%

Average training hours		**2023**	2022
Overall		**17.8**	8.6
By gender	Male	**22.0**	12.0
	Female	**12.0**	4.0
By employment type	Junior	**21.7**	6.2
	Middle	**21.0**	N/A
	Senior	**N/A**	23.0

5.4 LABOUR STANDARDS

We strictly prohibit the use of child and forced labour. We are committed to comply with all laws and regulations relevant to the prevention of child and forced labour such as the Employment of Children Regulation (Cap. 57B of the Laws of Hong Kong).

During the Reporting Period, no cases of non-compliance with any laws and regulations relating to the prevention of child and forced labour were noted.

We have implemented measures to effectively avoid child and forced labour. For example, a comprehensive identity checking and screening process is always conducted during recruitment process to confirm the identity of every candidate.

We consider our risk of using child or forced labour is minimal. Nevertheless, upon discovery of any use of child or forced labour, such person's employment with us will be terminated immediately. All issue of child or forced labour must be reported to the Board, which is responsible for determining need for any further action such as reporting the issue to relevant authorities.

6 OPERATING PRACTICES

6.1 SUPPLY CHAIN MANAGEMENT

Our business activities do not involve significant procurement of materials for consumption, processing, or resale and therefore supply chain management is not material to us from the ESG perspective according to the materiality analysis carried out during the Reporting Period. The suppliers/service providers we come across in our daily operations are primarily retailers that provide office or household supplies for our back offices and properties, or contractors that provide property management or maintenance services to our properties.

We take into consideration environmental and social risk factors in selection of suppliers/contractors. Our measures in this respect include conducting desktop search on suppliers'/contractors' track record on their environmental and labour practices. Our senior management is responsible for reviewing the qualification of potential suppliers/contractors, those who are questionable with regards to ESG practices will not be selected.

We have implemented measures to promote environmentally preferable products and services when selecting suppliers. For example, we prohibit contractors from using materials that do not meet relevant environmental and safety standards. Any contractor who does not meet or who has a record of breaching our ESG standard will not be considered for award of a contract.

6.2 PRODUCT RESPONSIBILITY

We are committed to providing services of top quality to our tenants and other users of our properties. In particular, we strive to ensure our properties are free from any preventable hazards.

It is our commitment to comply with all laws and regulations relating to health and safety, advertising, labelling and, privacy matters relating to products and services provided, which include and not limited to the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong). During the Reporting Period, no cases of non-compliance with any of such laws and regulations were noted.

Complaints against our services can be lodged via various channel, including but not limited to phone, email, and instant messaging. Over the past years, complaints we received were primarily related to repair and maintenance of our properties and a majority of such cases could be resolved by our in-house technicians. There were no material products and service-related complaints received during the Reporting Period.

We are committed to ensuring we do not infringe any intellectual property rights of others in the course of our operations. Appropriate licenses are obtained for all software installed on our computer systems. To prevent any risk of unintentional infringement of intellectual property rights, any installation of software on our computer systems can only be done by authorised persons.

We recognise of the importance of consumer data and privacy protection. Visitors of buildings we manage may sometimes be requested to provide certain of their personal data for crime prevention purpose. Such personal data will not be retained for longer than necessary and can only be accessed by authorised persons (being designated property managers), who are also responsible for the implementation and monitoring of these measures.

6.3 ANTI-CORRUPTION

We are committed to upholding the highest ethical standard. We have formulated and implemented the required conducts of our employees as well as anti-fraud and whistleblowing policies to prevent, detect and report each and every form of bribery, extortion, fraud and money laundering. Any such kind of fraudulent acts is prohibited and we will not tolerate any fraudulent business activities. In particular, all directors and employees should avoid conflict of personal interest relating to their professional duties and are required to declare any conflict of interest by disclosure form to ensure appropriate assurance for us in matters of conflict of interest, professional and scientific integrity, and to protect the Group from regulatory and reputational risk.

Our whistleblowing procedures apply to all parties including internal as well as external informers. Any complaint of suspected misconduct, malpractice or impropriety can be made either verbally or by confidentially writing to the audit committee of the Company; all issues will be treated promptly and fairly. In cases of suspected corruption or other criminal offences, a report may be made to the appropriate authority. We promise that whistleblowers will not be dismissed or mistreated due to the reporting. Investigation work for whistleblowing reports will be handled with strict confidentiality under any circumstances to preserve anonymity.

To ensure our employees are aware of the regulatory obligations and the possible consequences of breaching the obligations, we provide training to our employees on anti-corruption and encourage our employees to study publicly available materials on anti-corruption prevention such as those available on the website of The Hong Kong Business Ethics Development Centre. During the Reporting Period, the Group has organized 2 anti-corruption training sessions for directors and staff, and a total of 2 staff members have participated in the training.

It is our commitment to comply with all laws and regulations relating to bribery, extortion, fraud and money laundering, which include the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong). There were no concluded legal cases regarding corrupt practices brought against us or our employees during the Reporting Period.

7 COMMUNITY INVESTMENT

We are aware of the importance of interacting with the wider community in fulfilling corporate social responsibility. In this regard, we would explore the possibility to identify suitable partners and support community and environmental programs that align with our missions and values.

We believe the best way to serve the community is to drive positive impact through our investment portfolio. To create shared values with the community and stakeholders. We will continue to consider ESG factors in selecting future investment projects.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX 1 HKEX ESG REPORTING GUIDE CONTENT INDEX TABLE

Subject Areas, Aspects, General Disclosures and KPIs	**Description**	**Section/Declaration**
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	4.1 EMISSIONS
KPI A1.1	The types of emissions and respective emissions data.	4.1 EMISSIONS
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	4.1 EMISSIONS
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Due to our business nature, we do not generate hazardous waste in our ordinary course of business.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Due to our business nature, we do not generate significant amount of non-hazardous waste in our ordinary course of business.
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	4.1 EMISSIONS
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Due to our business nature, we do not generate hazardous waste or significant amount of non-hazardous waste in our ordinary course of business.

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	4.2 USE OF RESOURCES
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	4.2 USE OF RESOURCES
KPI A2.2	Water consumption in total and intensity.	4.2 USE OF RESOURCES
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	4.2 USE OF RESOURCES
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	4.2 USE OF RESOURCES
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Due to our business nature, we do not use packaging material in our ordinary course of business.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	4.3 THE ENVIRONMENT AND NATURAL RESOURCES
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4.3 THE ENVIRONMENT AND NATURAL RESOURCES
Aspect A4: Climate Change		
General Disclosure	Policies on minimizing the issuer's significant impact on climate-related issues.	4.4 CLIMATE CHANGE
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	4.4 CLIMATE CHANGE

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti- discrimination, and other benefits and welfare.	5.1 EMPLOYMENT
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	5.1 EMPLOYMENT
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	5.1 EMPLOYMENT
Aspect B2: Health and Safety		
General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5.2 HEALTH AND SAFETY
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years, including the reporting year.	5.2 HEALTH AND SAFETY
KPI B2.2	Lost days due to work injury.	5.2 HEALTH AND SAFETY
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.2 HEALTH AND SAFETY

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.3 DEVELOPMENT AND TRAINING
KPI B3.1	The percentage of employees trained by gender and employee category.	5.3 DEVELOPMENT AND TRAINING
KPI B3.2	The average training hours completed per employee by gender and employee category.	5.3 DEVELOPMENT AND TRAINING
Aspect B4: Labour Standards		
General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	5.4 LABOUR STANDARDS
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.4 LABOUR STANDARDS
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	5.4 LABOUR STANDARDS
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	6.1 SUPPLY CHAIN MANAGEMENT
KPI B5.1	Number of suppliers by geographical region.	Due to our business nature and according to the materiality assessment carried out, these KPIs is considered immaterial within the reporting boundary of this ESG Report for the Reporting Period.
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	**Description**	**Section/Declaration**
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	6.1 SUPPLY CHAIN MANAGEMENT
Aspect B6: Product Responsibility		
General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	6.2 PRODUCT RESPONSIBILITY
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Due to our business nature, we do not sell or ship products in our ordinary course of business.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	6.2 PRODUCT RESPONSIBILITY
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	6.2 PRODUCT RESPONSIBILITY
KPI B6.4	Description of quality assurance process and recall procedures.	Due to our business nature, we do not have products subject to quality assurance process and recall procedures in our ordinary course of business.
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	6.2 PRODUCT RESPONSIBILITY

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	6.3 ANTI-CORRUPTION
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	6.3 ANTI-CORRUPTION
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	6.3 ANTI-CORRUPTION
KPI B7.3	Description of anti-corruption training provided to directors and staff.	6.3 ANTI-CORRUPTION
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	7. COMMUNITY INVESTMENT
KPI B8.1	Focus areas of contribution.	7. COMMUNITY INVESTMENT
KPI B8.2	Resources contributed to the focus areas.	7. COMMUNITY INVESTMENT

PROPERTY PORTFOLIO OF THE GROUP

No.	Property	Use	Group's effective holding	Gross Floor Area (Approx. sq.ft.)	Gross Floor Area attributable to the Group (Approx. sq.ft.)	Lease Term
Hong Kong						
1	Ground Floor of Block 1B, Pine Villas, Nos. 118 & 118A Castle Peak Road, Castle Peak Bay, Tuen Mun, New Territories, Hong Kong	Residential	100%	1,833	1,833	Up to 30 June 2047
2	Multifield Centre, No. 426 Shanghai Street, Kowloon, Hong Kong	Commercial	100%	46,351	46,351	150 years from 25 December 1887
3	Flat B on the 30th Floor of Tower 6 and Private Car Car Park No. 58 on Car Park Level 2, Bel-Air on the Peak of Island South, No. 68 Bel-Air Peak Avenue, Hong Kong	Residential/ Car park	100%	913	913	50 years from 22 May 2000
4	Flat E, 18th Floor, Block H-9, Fu Yip Yuen, Chi Fu Fa Yuen, No. 9 Chi Fu Road, Hong Kong	Residential	100%	518	518	75 years from 19 October 1976 renewable for a further term of 75 years
5	Flat H, 18th Floor, Block H-14, Fu Chun Yuen, Chi Fu Fa Yuen, No. 14 Chi Fu Road, Hong Kong	Residential	100%	518	518	75 years from 19 October 1976 renewable for a further term of 75 years
6	Flat H, 21st Floor, Block H-12, Fu Yar Yuen, Chi Fu Fa Yuen, No. 12 Chi Fu Road, Hong Kong	Residential	100%	518	518	75 years from 19 October 1976 renewable for a further term of 75 years
7	Units 1 to 3, 5, 6, 21 to 23 and 25 to 28 on 19th Floor, Pacific Link Tower, Southmark, No. 11 Yip Hing Street, Wong Chuk Hang, Hong Kong	Commercial	100%	11,439	11,439	A term from 17 December 1991 to 30 June 2047
8	Units 1 to 3, 5, 6, 21 to 23 and 25 to 28 on 20th Floor, Pacific Link Tower, Southmark, No. 11 Yip Hing Street, Wong Chuk Hang, Hong Kong	Commercial	100%	11,438	11,438	A term from 17 December 1991 to 30 June 2047

Oriental Explorer

PROPERTY PORTFOLIO OF THE GROUP

No.	Property	Use	Group's effective holding	Gross Floor Area (Approx. sq.ft.)	Gross Floor Area attributable to the Group (Approx. sq.ft.)	Lease Term
9	Car Parking Space (Private Carpark) No. P101 on 1st Floor and Nos. P201 and P202 on 2nd Floor, Southmark, No. 11 Yip Hing Street, Wong Chuk Hang, Hong Kong	Car Park	100%	N/A	N/A	A term from 17 December 1991 to 30 June 2047
10	Car Parking Space (Private Carpark) Nos. P229 and P230 on 2nd Floor, Southmark, No. 11 Yip Hing Street, Wong Chuk Hang, Hong Kong	Car Park	100%	N/A	N/A	A term from 17 December 1991 to 30 June 2047
11	Flat A (Including the Bay Window, the Balcony, the Utility Platform thereof and the Air-Conditioning Plant Room Appertaining thereto) on the 12th Floor, Tower 2, Larvotto, No. 8 Ap Lei Chau Praya Road, Hong Kong	Residential	100%	2,423	2,423	A term from 25 January 1995 to 30 June 2047
12	Flat A (Including the Balcony thereof) on the 12th Floor, Tower 8, Larvotto, No. 8 Ap Lei Chau Praya Road, Hong Kong	Residential	100%	1,317	1,317	A term from 25 January 1995 to 30 June 2047
13	Flat A (Including the Bay Window, the Balcony, the Utility Platform thereof and the Air-Conditioning Plant Room Appertaining thereto) on the 30th Floor, Tower 1 and Car Parking Space No. 16 on the Ground Floor, Larvotto, No 8 Ap Lei Chau Praya Road, Hong Kong	Residential/ Car Park	100%	2,545	2,545	A term from 25 January 1995 to 30 June 2047
14	Car Parking Space No. 1071 on 1st Floor, Larvotto, No. 8 Ap Lei Chau Praya Road, Hong Kong	Car Park	100%	N/A	N/A	A term from 25 January 1995 to 30 June 2047
15	Whole of 4th, 5th, 8th and 9th Floor, Units B1 and B2 on 2nd and 14th Floor and Car Parking Space Nos. 1-4 and 10-21, Blue Box Factory Building, No. 25 (Formerly No. 15) Hing Wo Street, Hong Kong	Industrial/ Car Park	100%	90,800	90,800	75 years from 23 March 1970 renewable for a further term of 75 years

PROPERTY PORTFOLIO OF THE GROUP

No.	Property	Use	Group's effective holding	Gross Floor Area (Approx. sq.ft.)	Gross Floor Area attributable to the Group (Approx. sq.ft.)	Lease Term
The PRC						
16	Units A to F on Level 16, Tower II, Innotect Tower, No. 239 Nanjing Road, Heping District, Tianjin, The PRC	Residential	100%	8,620	8,620	A term from 25 May 1992 to 24 May 2062
17	Unit No. 7-10-I on Level 10 of Block No. 7, No. 68 Xinzhong Street, Dongcheng District, Beijing, The PRC	Residential	100%	1,132	1,132	Up to 1 November 2063

Note: N/A – Not Applicable