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LET GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1383)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024 AND CONTINUED SUSPENSION OF TRADING

FINANCIAL HIGHLIGHTS

- Total revenue from continuing operations increased by 4.4% to approximately HK\$189,910,000 (six months ended 30 June 2023: approximately HK\$181,974,000)
- Gross profit from continuing operations increased by 25.7% to approximately HK\$102,267,000 (six months ended 30 June 2023: approximately HK\$81,376,000)
- Profit for the period attributable to equity holders of the Company of approximately HK\$58,883,000 for the six months ended 30 June 2024 (six months ended 30 June 2023: approximately HK\$584,655,000)
- Basic loss per share attributable to shareholders of the Company of HK\$1.09 cents for the six months ended 30 June 2024 (six months ended 30 June 2023: Basic earnings per share attributable to shareholders of the Company of HK\$6.58 cents)

The board (the “**Board**”) of directors (the “**Directors**”) of LET Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2024 together with the comparative figures and selected explanatory notes, which are prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and have been reviewed by the audit committee of the Company:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		For the six months ended 30 June	
	Notes	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited) (Restated)
Continuing operations			
Revenue	5	189,910	181,974
Cost of sales		(87,643)	(100,598)
Gross profit		102,267	81,376
Other income, gains and losses	6	(169,837)	95,478
Selling and distribution expenses		(4,493)	(4,439)
Administrative expenses		(134,207)	(110,938)
Other operating expenses		–	(374)
Change in fair value of derivative financial instruments	17	835	608
Reversal of impairment loss on equity loans to a joint venture	13	–	138,055
Reversal of impairment loss on loans to a joint venture	13	–	207,472
Reversal of impairment loss on amounts due from a joint venture	13	–	67,631
Reversal of share of loss of a joint venture	13	234,299	124,136
Finance costs	7	(3,234)	(27,582)
Profit before taxation		25,630	571,423
Income tax expense	9	(7,061)	(110)
Profit for the period from continuing operations	8	18,569	571,313
Discontinued operation			
Loss for the period from discontinued operation	18	–	(2,170)
Profit for the period		18,569	569,143
Other comprehensive (expense) income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(106,767)	21,757
Share of other comprehensive income of a joint venture, net of related income tax		9,622	2,588
Other comprehensive (expense) income for the period		(97,145)	24,345
Total comprehensive (expense) income for the period		(78,576)	593,488

		For the six months ended	
		30 June	
		2024	2023
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
			(Restated)
(Loss) profit for the period attributable to:			
– Equity holders of the Company:			
– Shareholders of the Company		(75,280)	450,567
– Holder of perpetual securities		134,163	134,088
		58,883	584,655
– Non-controlling interests		(40,314)	(15,512)
		18,569	569,143
Total comprehensive (expense) income for the period attributable to:			
– Equity holders of the Company:			
– Shareholders of the Company		(162,008)	490,567
– Holder of perpetual securities		134,163	134,088
		(27,845)	624,655
– Non-controlling interests		(50,731)	(31,167)
		(78,576)	593,488
Total comprehensive (expense) income for the period attributable to equity holders of the Company arose from:			
– Continuing operations		(27,845)	627,629
– Discontinued operation	<i>18</i>	–	(2,974)
		(27,845)	624,655
(Loss) earnings per share attributable to shareholders of the Company:			
– Basic (<i>HK cents</i>)	<i>11</i>		
– For (loss) profit for the period		(1.09)	6.58
– For (loss) profit from continuing operations		(1.09)	6.61
– Diluted (<i>HK cents</i>)	<i>11</i>		
– For (loss) profit for the period		(1.43)	6.54
– For (loss) profit from continuing operations		(1.43)	6.57

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		As at	
		30 June	31 December
		2024	2023
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Non-current assets			
Property, operating right and equipment		3,903,269	3,613,078
Right-of-use assets		1,462,106	1,604,232
Intangible assets		250	250
Prepayments and deposits for non-current assets	12	323,485	360,114
Interest in a joint venture	13	–	–
Derivative financial instrument	17(b)	4,477	4,787
		<u>5,693,587</u>	<u>5,582,461</u>
Current assets			
Inventories		4,739	4,693
Other receivables and prepayments	14	331,559	286,323
Bank balances and cash		<u>1,244,074</u>	<u>1,210,861</u>
		<u>1,580,372</u>	<u>1,501,877</u>

		As at	
		30 June	31 December
		2024	2023
Notes		HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Current liabilities			
Trade and other payables	15	267,839	144,602
Amount due to a non-controlling shareholders of a subsidiary		71,447	71,455
Contract liabilities		4,399	4,735
Loan from a joint venture		68,755	–
Other borrowing	16	137,500	–
Lease liabilities		10,831	3,850
Derivative financial instrument	17(a)	1,392	2,227
Current tax liabilities		9,312	30,782
		<u>571,475</u>	<u>257,651</u>
Net current assets		<u>1,008,897</u>	<u>1,244,226</u>
Total assets less current liabilities		<u>6,702,484</u>	<u>6,826,687</u>
Non-current liabilities			
Bank borrowing	16	1,099,312	1,172,713
Amount due to immediate holding company		2,790	1,516
Other payables	15	134,507	121,572
Lease liabilities		897,679	885,398
Loan from immediate holding company		46,581	46,938
Loans from non-controlling shareholders of a subsidiary		15,567	14,669
Convertible bonds	17(a)	21,253	20,510
		<u>2,217,689</u>	<u>2,263,316</u>
Net assets		<u>4,484,795</u>	<u>4,563,371</u>
Capital and reserves			
Share capital		693,697	693,697
Perpetual securities		6,429,125	6,294,962
Reserves		(3,748,839)	(3,587,074)
Equity attributable to equity holders of the Company		<u>3,373,983</u>	<u>3,401,585</u>
Non-controlling interests		<u>1,110,812</u>	<u>1,161,786</u>
Total equity		<u>4,484,795</u>	<u>4,563,371</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. As at the date of this announcement, the registered office of the Company is at Citrus Grove, Ground Floor, 106 Goring Avenue, George Town, Grand Cayman, Cayman Islands. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The principal place of business of the Company is at Unit 1705, 17/F., West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong. Its immediate holding company is Major Success Group Limited (“**Major Success**”), a company incorporated in the British Virgin Islands (the “**BVI**”) and Mr. Lo Kai Bong (“**Mr. Lo**”) is the ultimate controlling party of the Company.

The condensed consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), which is also the functional currency of the Company.

The principal activity of the Company is investment holding. The Group is principally engaged in (i) through Suntrust Resort Holdings, Inc. (“**Suntrust**”) and its subsidiaries (collectively referred to as “**Suntrust Group**”), the development and operation of a 5-Star hotel and casino complex (the “**Main Hotel Casino**”) in the Philippines; (ii) through Summit Ascent Holdings Limited (“**Summit Ascent**”) and its subsidiaries (collectively referred to as “**Summit Ascent Group**”), the operation of the hotel and gaming business in the Integrated Entertainment Zone of the Primorye Region (“**IEZ Primorye**”) in the Russian Federation; and (iii) property development in Japan.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of LET Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Group incurred a net operating cash outflow of approximately HK\$48,374,000 for the six months ended 30 June 2024. Subsequent to the end of the reporting period, during the year ended 31 December 2024, the Company defaulted the repayment of other borrowing with principal amount of HK\$137,500,000. Subsequent to the end of the reporting period, the abovementioned other borrowing has not yet been settled.

In addition, as at 30 June 2024, the Group had entered into agreements which will involve capital commitments of approximately HK\$2,054,309,000 mainly in relation to the construction project of the Main Hotel Casino. Subsequent to 31 December 2024, the Group had entered into agreements which will involve capital commitments of approximately HK\$1,892,203,000 mainly in relation to the construction of the Main Hotel Casino. Pursuant to the agreement of bank borrowing, the Group is required to complete the construction of the Main Hotel Casino by 31 December 2025 or such later date as the bank and the Group may mutually agree upon writing, otherwise, it will constitute default of the bank borrowing. Based on the latest estimates, the completion and opening of the Main Hotel Casino are now targeted for Q3 of 2026. As at 31 December 2024, the remaining available facilities of the bank borrowing is approximately HK\$1,870,083,000, which may not be sufficient to complete the construction of the Main Hotel Casino and further funds are required.

As at 30 June 2024 and 31 December 2024, the Group reported net current assets and net assets, primarily attributable to Summit Ascent and Suntrust Group. Excluding Summit Ascent and Suntrust Group, the Group would have net current liabilities. Since Summit Ascent and Suntrust Group are both publicly listed companies, the distribution of their assets to the Company is subject to relevant rules and regulations. As such, those assets may not be readily available for use by the Company to settle the abovementioned borrowing in default or to support its operations in the foreseeable future.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the directors of the Company have given consideration to the future liquidity of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Subsequent to 31 December 2024, the directors of the Company considered that the fair value of pledged assets can fully cover the other borrowing in default. In addition, the directors of the Company prepared the Group's cash flow projection which covers a period of at least 12 months from 31 December 2024.

The following plans and measures have been taken by the Group during the period and subsequent to the end of the reporting period to mitigate the liquidity risk and to improve the financial position of the Group which include, but not limited to the following:

- (i) negotiate with the lenders so that they would not demand immediate repayment of the other borrowing or take further actions against the Group even though there was an event of default;
- (ii) plan and negotiate for the disposal of certain of the Group's non-core assets;
- (iii) continue to perform value-added procedures on the non-current assets to enhance their salable value for disposal;
- (iv) continue to negotiate with the bank in relation to the release of the covenants and continue to fulfil the conditions of the bank loan agreement and draw down the bank loan by installments to fund in part of the capital commitments of Suntrust in the construction of the Main Hotel Casino;
- (v) continue to take active measures to control operating expenses of the Group; and
- (vi) continue to explore other debt and/or equity financing of the Company and/or subsidiaries of the Group.

Taking into account of the plans and measures as described above, the Directors are of the opinion that the Group will have sufficient working capital to maintain its operations and to meet its financial obligations and to raise adequate funds to finance the development of the Main Hotel Casino project in the next twelve months from 31 December 2024. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

3. SIGNIFICANT EVENTS IN THE CURRENT INTERIM PERIOD

On 15 January 2024, Oriental Regent Limited (“**ORL**”), an indirect non-wholly owned subsidiary of the Company, as seller, entered into a binding agreement with to an independent third party buyer (the “**Buyer**”) incorporated in the Russian Federation for the sale and purchase of the entire equity interest G1 Entertainment Limited Liability Company (“**G1 Entertainment**”) at a consideration of US\$116 million (subject to adjustment). This sale and purchase agreement was terminated on 19 February 2024. Details of which are set out in the announcements of the Company dated 17 January 2024 and 22 February 2024.

On 14 February 2024, the Securities and Futures Commission has directed the Stock Exchange to suspend all dealings in the shares of the Company under Section 8(1) of the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) with effect from 9:00 a.m. on 14 February 2024.

4. PRINCIPAL ACCOUNTING POLICIES

Application of amendments to HKFRS Accounting Standards (“HKFRSs”)

During the six months ended 30 June 2024, 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 periods beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

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

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

5. REVENUE AND SEGMENT INFORMATION

Segment Information

Information reported to the executive Director(s), being the chief operating decision maker (“**CODM**”) for the purpose of resources allocation and assessment of segment performance, focuses on types of goods or services delivered or provided.

Specifically, the Group’s operating and reportable segments are as follows:

(a) Continuing operations

- (1) Operation of integrated resort in the Philippines – Development and operation of an integrated resort at the Entertainment City, Manila, the Philippines through a non-wholly owned subsidiary, Suntrust;
- (2) Operation of integrated resort in the Russian Federation – Operation of the hotel and gaming business in the IEZ Primorye in the Russian Federation through a non-wholly owned subsidiary, Summit Ascent; and
- (3) Property development – Development and sales of properties and hotel premises in Japan.

(b) Discontinued operation

- (1) Management and operation of malls – Management and operation of malls in the PRC through a wholly-owned subsidiary, Dongyang Xinguang Pacific Enterprises Limited (“**Dongyang Xinguang**”).

Pursuant to the Dongyang Disposal as mentioned in Note 18, the entire management and operation of malls segment was reported as discontinued operation as at 30 June 2023.

Disaggregation of revenue

Segment	Continuing operations						Discontinued operation	
	Operation of integrated resort in the Philippines		Operation of integrated resort in the Russian Federation		Property development		Management and operation of malls	
	For the six months ended 30 June	2023 2024 HK\$'000 (Restated)	For the six months ended 30 June	2023 2024 HK\$'000 (Restated)	For the six months ended 30 June	2023 2024 HK\$'000 (Restated)	For the six months ended 30 June	2023 2024 HK\$'000 (Restated)
Types of goods and services								
Revenue from management and operation of malls	-	-	-	-	-	-	-	8,944
Revenue from gaming and hotel operations	-	-	172,475	167,275	-	-	-	172,475
- Gaming operations	-	-	17,435	14,699	-	-	-	17,435
- Hotel operations	-	-	-	-	-	-	-	14,699
Revenue from contracts with customers	-	-	189,910	181,974	-	189,910	-	189,910
Leases	-	-	-	-	-	-	-	-
Total revenue	-	-	189,910	181,974	-	189,910	-	189,910
							8,944	190,918

Segment	Continuing operations						Discontinued operation		Total For the six months ended 30 June 2024 HK\$'000 (Restated)	
	Operation of integrated resort in the Philippines For the six months ended 30 June		Operation of integrated resort in the Russian Federation For the six months ended 30 June		Property development For the six months ended 30 June		Management and operation of malls For the six months ended 30 June			
	2024 HK\$'000 (Restated)	2023 HK\$'000 (Restated)	2024 HK\$'000 (Restated)	2023 HK\$'000 (Restated)	2024 HK\$'000 (Restated)	2023 HK\$'000 (Restated)	2024 HK\$'000 (Restated)	2023 HK\$'000 (Restated)		
Geographical markets										
The PRC	-	-	-	-	-	-	-	8,944	-	8,944
The Russian Federation	-	-	189,910	181,974	-	-	189,910	181,974	-	189,910
Revenue from contracts with customers										
Leases	-	-	-	-	-	-	-	-	-	-
Total revenue	-	-	189,910	181,974	-	-	189,910	181,974	-	189,910
Timing of revenue recognition										
At a point in time	-	-	182,553	175,772	-	-	182,553	175,772	-	182,553
Over time	-	-	7,357	6,202	-	-	7,357	6,202	-	7,357
Leases										
Total revenue	-	-	189,910	181,974	-	-	189,910	181,974	-	189,910
Leases										
Total revenue	-	-	189,910	181,974	-	-	189,910	181,974	-	189,910

The duration of contracts in relation to revenue from management and operation of malls usually varies from 3 months to 15 years.

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

Segment results represent the profit earned by/loss from each segment without allocation of certain other income, gains and losses, certain finance costs, change in fair value of derivative financial instruments, reversal of impairment losses on equity loans to, loans to and amounts due from a joint venture, reversal of share of loss of a joint venture, and corporate expenses. This is the measure reported to the CODM for the purpose of resources allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

	As at	
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
<i>Segment assets</i>		
Operation of integrated resort in the Philippines	5,814,307	5,622,799
Operation of integrated resort in the Russian Federation	1,070,705	1,018,132
Property development	367,186	418,344
	<hr/>	<hr/>
Total segment assets	7,252,198	7,059,275
Unallocated assets:		
Interest in a joint venture	–	–
Property, operating right and equipment	38	126
Right-of-use assets	382	886
Derivative financial instrument	4,477	4,787
Bank balances and cash	15,639	17,414
Others	1,225	1,850
	<hr/>	<hr/>
Consolidated total assets	7,273,959	7,084,338
	<hr/>	<hr/>

	As at	
	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
<i>Segment liabilities</i>		
Operation of integrated resort in the Philippines	2,376,722	2,294,617
Operation of integrated resort in the Russian Federation	135,202	137,080
Property development	<u>40</u>	<u>53</u>
Total segment liabilities	2,511,964	2,431,750
Unallocated liabilities:		
Current tax liabilities	9,312	30,782
Convertible bonds	21,253	20,510
Derivative financial instruments	1,392	2,227
Lease liabilities	341	841
Loan from a joint venture	68,755	–
Other borrowing	137,500	–
Others	<u>38,646</u>	<u>34,857</u>
Consolidated total liabilities	<u>2,789,163</u>	<u>2,520,967</u>

For the purposes of monitoring segment performance and allocating resources among segments:

- all assets are allocated to operating segments other than interest in a joint venture, certain right-of-use assets, derivative financial instrument, certain property, operating right and equipment, certain bank balances and cash and corporate assets of investment holding companies; and
- all liabilities are allocated to operating segments other than certain lease liabilities, convertible bonds, derivative financial instruments, current tax liabilities, loan from a joint venture, other borrowing and certain corporate liabilities of investment holding companies.

6. OTHER INCOME, GAINS AND LOSSES

	For the six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Bank interest income	15,175	11,830
Interest income on loans to a joint venture	–	19,146
Imputed interest income on loans to a joint venture	–	8,007
	<hr/>	<hr/>
Total interest income	15,175	38,983
Gain on early repayment of loans to a joint venture <i>(Note 13(c))</i>	–	98,591
Gain on lease modification	–	56
(Loss) gain on disposal of property, operating right and equipment	(150)	319
Net exchange losses	(185,325)	(43,229)
Others	463	758
	<hr/>	<hr/>
	(169,837)	95,478
	<hr/>	<hr/>

7. FINANCE COSTS

	For the six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Imputed interest expense on convertible bonds (Note 17(a))	746	694
Imputed interest expense on loans from non-controlling shareholders of a subsidiary	901	3,852
Imputed interest expense on value-added tax ("VAT") arrangements	651	654
Interest on loan from immediate holding company	1,320	216
Interest on loans from non-controlling shareholders of a subsidiary	–	904
Interest on bank borrowing	51,850	–
Interest on other borrowing	588	21,056
Interest on lease liabilities	<u>18,058</u>	<u>17,845</u>
Total finance costs	74,114	45,221
Less: capitalised in construction in progress included in property, operating right and equipment	<u>(70,880)</u>	<u>(17,639)</u>
Finance costs expensed	<u><u>3,234</u></u>	<u><u>27,582</u></u>

8. PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

	For the six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Profit for the period from continuing operations has been arrived at after charging (crediting) the following:		
Depreciation of property, operating right and equipment	27,412	36,717
Depreciation of right-of-use assets	52,106	55,230
Amortisation of intangible assets	–	5
Total depreciation and amortisation	79,518	91,952
Less: capitalised in construction in progress included in property, operating right and equipment	(49,037)	(51,618)
Total depreciation and amortisation expensed	<u>30,481</u>	<u>40,334</u>
Total depreciation and amortisation expensed are presented in the condensed consolidated statement of profit or loss as:		
– Cost of sales	20,441	28,913
– Administrative expenses	10,040	11,421
	<u>30,481</u>	<u>40,334</u>
Directors' remuneration	6,227	5,753
Staff costs, excluding Directors and consultants		
– salaries and wages	89,464	74,734
– retirements benefits scheme contributions	12,151	12,447
Staff costs, excluding Directors and consultants	<u>101,615</u>	<u>87,181</u>
Total staff costs	107,842	92,934
Less: capitalised in construction in progress included in property, operating right and equipment	(5,915)	(4,045)
Total staff costs expensed	<u>101,927</u>	<u>88,889</u>
Reversal of impairment loss recognised in respect of other receivables, deposits and prepayment	–	(10)
Short-term and variable lease payments	<u>3,504</u>	<u>1,031</u>
Cost of sales		
– operating expenses of gaming and hotel operations	<u>87,643</u>	<u>100,598</u>

9. INCOME TAX EXPENSE

	For the six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Current		
– Philippines withholding tax	2,938	12
– Russian withholding tax	4,044	–
– Russian corporate tax	79	98
	<u>7,061</u>	<u>110</u>

(a) Hong Kong Profits Tax

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, 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%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the condensed consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. No provision for taxation in Hong Kong has been made as the Group’s income neither arises in, nor is derived from, Hong Kong.

(b) Overseas income tax

The Company and a subsidiary were incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands and accordingly, is exempted from the Cayman Islands income tax. Pursuant to the rules and regulations of the BVI and Bermuda, the Company's subsidiaries are not subject to any income tax in the respective jurisdictions.

(c) Macau Complementary Income Tax ("CIT")

Macau CIT is calculated at the progressive rate on the estimated assessable profits. The maximum tax rate is 12% for the six months ended 30 June 2024 and 2023.

(d) Philippines Corporate Income Tax ("PCIT")

PCIT is calculated at 25% of the estimated profits for the six months ended 30 June 2024 and 2023. No provision for PCIT has been made for both reporting periods as no assessable profits are earned by subsidiaries incorporated in the Philippines.

(e) Philippines capital gains tax

Philippines capital gains tax is calculated at (i) 15% of the net capital gains realised during the taxable year from sale, barter, exchange or other disposal of shares in a domestic corporation, except for shares traded and sold through The Philippine Stock Exchange, Inc.; or (ii) 6% of the gross selling price or current fair market value, whichever is higher, during the taxable year from sale, barter, exchange or other disposal of real property classified as capital assets located in the Philippines.

(f) Philippines withholding tax

Philippines withholding tax of 30% shall be levied on the dividend declared by the companies incorporated in the Philippines to non-resident foreign corporations in the Philippines.

Interests on bank savings and time deposits received by the companies incorporated in the Philippines are subject to a final tax between 15% to 20%.

(g) Japan Corporate Income Tax

Corporate tax in Japan is calculated on the estimated assessable profit for the six months ended 30 June 2024 and 2023 at the rates of taxation prevailing in Japan in which the Group operates. No provision for Japan Corporate Income Tax has been made for both reporting periods as the Japan subsidiaries incurred losses for both reporting periods.

(h) Russian corporate tax

Russian corporate tax is calculated at a rate of 20% of the estimated assessable profit for the six months ended 30 June 2024 and 2023. However, no Russian corporate tax is levied on the Group's gaming activities in the Russian Federation in accordance with Russian legislation.

(i) Russian withholding tax

Russian withholding tax of 5% shall be levied on the dividend declared by the company incorporated in the Russian Federation to non-resident foreign corporations in the Russian Federation.

10. DIVIDENDS

No dividends were proposed, declared or paid during the six months ended 30 June 2024 and 2023. The Directors have determined that no dividends will be paid in respect of the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

11. (LOSS) EARNINGS PER SHARE

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

(Loss) earnings figures are calculated as follows:

	For the six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
(Loss) earnings		
(Loss) profit attributable to shareholders of the Company for the purpose of calculating basic (loss) earnings per share from:		
– Continuing operations	(75,280)	452,737
– Discontinued operation	–	(2,170)
	<u>(75,280)</u>	<u>450,567</u>
Effect of dilutive potential ordinary shares:		
– Adjustment to share of loss of Suntrust based on dilution of its loss per share	(24,141)	(2,291)
	<u>(99,421)</u>	<u>448,276</u>
(Loss) profit for the purpose of calculating diluted (loss) earnings per share	<u>(99,421)</u>	<u>448,276</u>
Attributable to:		
– Continuing operations	(99,421)	450,446
– Discontinued operation	–	(2,170)
	<u>(99,421)</u>	<u>448,276</u>
Number of shares		
	2024	2023
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	<u><u>6,936,972,746</u></u>	<u><u>6,850,773,851</u></u>

For the six months ended 30 June 2024 and 2023, the calculation of diluted (loss) earnings per share does not assume the exercise of the Company's outstanding share options because the exercise prices of those share options exceed the average market price of the Company's shares of the both reporting periods.

For the six months ended 30 June 2024 and 2023, the calculation of diluted (loss) earnings per share does not assume the exercise of the outstanding share options issued by Summit Ascent and the conversion of the outstanding convertible bonds issued by Summit Ascent because the exercise price of the share options exceed the average market price of Summit Ascent's shares of the both reporting periods and the assumed conversion of those convertible bonds would have an anti-dilutive effect on the basic (loss) earnings per share amount presented.

12. PREPAYMENTS AND DEPOSITS FOR NON-CURRENT ASSETS

	As at	
	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Deposits in relation to the construction of the Main Hotel Casino (Note)	320,576	357,417
Deposits for purchase of property, operating right and equipment	<u>11,756</u>	<u>11,544</u>
	332,332	368,961
Less: Allowance for impairment	<u>(8,847)</u>	<u>(8,847)</u>
	<u><u>323,485</u></u>	<u><u>360,114</u></u>

Note: The balance mainly represents the advance deposits paid to the main contractor for the construction of the Main Hotel Casino.

13. INTEREST IN A JOINT VENTURE

	As at	
	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Interest in a joint venture		
Cost of unlisted investment	414,998	414,998
Share of post-acquisition losses and other comprehensive expenses	(415,136)	(415,136)
Exchange realignment	138	138
	<hr/>	<hr/>
	–	–
Equity loans to a joint venture (<i>Note (a)</i>)	–	243,496
Deemed capital contribution (<i>Notes (b) and (c)</i>)	208,141	208,141
Share of post-acquisition losses and other comprehensive expenses in excess of the cost of investment (<i>Note (e)</i>)	(202,951)	(446,872)
Exchange realignment	(5,190)	(4,765)
	<hr/>	<hr/>
Interest in a joint venture	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) The loans in the aggregate amount of approximately HK\$507,086,000 to a joint venture are interest-free, unsecured and with no fixed repayment term. Such loans form the Group's net investment in the joint venture. On 17 March 2023, certain outstanding amount of equity loans to a joint venture of approximately US\$33,765,000 (equivalent to approximately HK\$263,367,000 at the repayment date) was partially repaid. On 18 April 2024, all outstanding amount of equity loans to a joint venture of approximately US\$31,191,000 (equivalent to approximately HK\$243,360,000 at the repayment date) was fully repaid by the joint venture on 18 April 2024.

The carrying amount of equity loan had been fully reduced to zero by recognition of allowance for impairment and share of post-acquisition losses and other comprehensive expenses in previous years. As a result of the repayment, reversal of allowance for impairment of Nil (six months ended 30 June 2023: HK\$138,055,000), reversal of share of loss of a joint venture of HK\$234,299,000 (six months ended 30 June 2023: HK\$124,136,000) and share of other comprehensive income of a joint venture of HK\$9,622,000 (six months ended 30 June 2023: HK\$2,588,000) have been recognised during the six months ended 30 June 2024.

- (b) During the year ended 31 December 2020, the Group advanced a loan in principal amount of US\$30,000,000 (equivalent to approximately HK\$232,500,000 at the drawdown date) to a joint venture (“**Loan A**”). Loan A is interest bearing at 14% per annum, unsecured and repayable after 12 months from the first drawdown date of the facility and the maturity date may be extended up to 28 February 2022, and therefore is classified as current asset as at 31 December 2022. Loan A has not yet been repaid by 28 February 2022 and is interest bearing at 25% per annum with effect from 1 March 2022.

The total current amount due from a joint venture represented the interest on Loan A receivable by the Group. As the interest rate charged on Loan A is below prevailing market interest rate, aggregated imputed interest of approximately HK\$25,957,000 of Loan A upon initial recognition was calculated based on the difference between the prevailing market interest rate and the coupon interest rate has been recognised as deemed contribution to a joint venture as at 30 June 2024 and 31 December 2023. The prevailing market interest rate of the loan is 29.54% per annum.

On 17 March 2023, the entire principal amount of Loan A (equivalent to approximately HK\$234,000,000 at the repayment date), together with the total current amount due from a joint venture which represents the interest receivables of Loan A accrued up to 17 March 2023 of US\$15,437,000 (equivalent to approximately HK\$120,494,000 at the repayment date) was repaid by the joint venture on 17 March 2023.

- (c) During the year ended 31 December 2020, the Group advanced loans in aggregate principal amount of US\$34,045,000 (equivalent to approximately HK\$263,849,000 at the drawdown date) to a joint venture (“**Loans B**”). Loans B are interest bearing at 1.5% per annum, unsecured and repayable after 5 years from the first drawdown date of the facilities and therefore are classified as non-current assets as at 31 December 2022.

The total non-current amount due from a joint venture represented interest on Loans B receivable by the Group. As the interest rates charged on Loans B are below prevailing market interest rates, aggregated imputed interest of approximately HK\$182,184,000 of the loans upon initial recognition were calculated based on the difference between the prevailing market interest rates and the coupon interest rate has been recognised as deemed contribution to a joint venture as at 30 June 2024 and 31 December 2023. The prevailing market interest rates of the loans are ranged from 25.63% to 28.90% per annum.

On 17 March 2023, the entire principal amount of Loans B (equivalent to approximately HK\$265,551,000 at the repayment date), together with the total non-current amounts due from a joint venture which represents the interest receivables of Loans B accrued up to 17 March 2023 of US\$1,553,000 (equivalent to approximately HK\$12,116,000 at the repayment date) was repaid by the joint venture on 17 March 2023.

The difference of HK\$98,591,000 between the aggregate principal amount and the carrying amount of Loans B up to the date of repayment was recognised as gain on early repayment of loans to a joint venture in other income (Note 6) for the six months ended 30 June 2023.

- (d) After considering the quantitative and qualitative information that is reasonable and supportive forward-looking information and the financial position of the joint venture, the management of the Group considered that the credit risk on the equity loans to, loans to and the amounts due from a joint venture were significantly increased during the year ended 31 December 2022. In view of this, the management of the Group started to assess the expected credit losses (“ECL”) on the equity loans, loans to and the amounts due from the joint venture based on lifetime ECL during the year ended 31 December 2022.

During the year ended 31 December 2023, the management of the Group considered the credit quality of the equity loans to a joint venture improved and therefore the Group reversed the previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-month ECL.

During the year ended 31 December 2023, the Group has recorded reversal of impairment losses on the equity loans to a joint venture, loans to a joint venture and amounts due from a joint venture of approximately HK\$137,842,000, HK\$207,153,000 and HK\$67,526,000 respectively.

- (e) As mentioned in Note (a), the equity loans to a joint venture which form the Group’s net investment in the joint venture was partially repaid during the year ended 31 December 2023 and the remaining outstanding amount of the equity loans to a joint venture was fully repaid during the six months ended 30 June 2024, the carrying amount of outstanding equity loans to a joint venture and deemed capital contribution before share of loss and other comprehensive expenses in excess of cost of investment in the joint venture is approximately HK\$208,141,000 as at 30 June 2024 (31 December 2023: approximately HK\$451,637,000).

The Group limits the recognition of the share of post-acquisition losses and other comprehensive expenses in excess of the cost of investment in the joint venture to approximately HK\$202,951,000 (31 December 2023: approximately HK\$446,872,000) as the carrying amount of its net investment in the joint venture is then zero, the Group reversed the share of loss of the joint venture recognised in previous years of approximately HK\$234,299,000 during the six months ended 30 June 2024 (31 December 2023: approximately HK\$112,327,000).

- (f) The following table provides information about the Group's exposure to credit risk and ECLs for equity loans to, loans to and amounts due from a joint venture as at 30 June 2024 and 31 December 2023:

	As at 30 June 2024			As at 31 December 2023		
	Expected loss rate (%)	Gross carrying amount HK\$'000 (Unaudited)	Loss allowance HK\$'000 (Unaudited)	Expected loss rate (%)	Gross carrying amount HK\$'000 (Audited)	Loss allowance HK\$'000 (Audited)
Equity loans to a joint venture	-	-	-	-	243,496	-
Loans to a joint venture	-	-	-	-	-	-
Amounts due from a joint venture	-	-	-	-	-	-
		-	-		243,496	-

The following table shows the movement in lifetime ECL that has been recognised for equity loans to a joint venture, loans to a joint venture and amounts due from a joint venture.

	Equity loans to a joint venture HK\$'000	Loans to a joint venture HK\$'000	Amounts due from a joint venture HK\$'000	Total HK\$'000
At 1 January 2023 (Audited)	137,254	206,274	67,242	410,770
Reversal of allowance for impairment	(137,842)	(207,153)	(67,526)	(412,521)
Exchange realignment	588	879	284	1,751
At 31 December 2023 (Audited) and 30 June 2024 (Unaudited)	-	-	-	-

14. OTHER RECEIVABLES AND PREPAYMENTS

	As at	
	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Other receivables	10,806	9,817
Indirect tax recoverable (<i>Note</i>)	240,052	221,353
Other deposits	2,173	2,173
Prepayments	<u>78,719</u>	<u>55,196</u>
	331,750	288,539
Less: Allowance for impairment	<u>(191)</u>	<u>(2,216)</u>
	<u>331,559</u>	<u>286,323</u>

Note: Amount represents mainly input VAT paid by Suntrust for the construction of the Main Hotel Casino.

15. TRADE AND OTHER PAYABLES

	As at	
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade payables (<i>Note (a)</i>)	3,434	367
Interest payables	16,227	17,064
Liabilities of VAT arrangements	10,026	16,186
Retention payables	131,581	112,641
Other tax payables	9,109	10,409
Provision for indemnity (<i>Note 19</i>)	21,914	22,462
Construction cost payables	158,708	34,136
Other payables and accruals	51,347	52,909
	<u>402,346</u>	<u>266,174</u>
Amounts presented as:		
– Current	267,839	144,602
– Non-current	134,507	121,572
	<u>402,346</u>	<u>266,174</u>

Note:

- (a) The credit period of trade payables from 30 to 180 days.

An aging analysis of trade payables at the end of each reporting period based on invoice dates is as follows:

	As at	
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
0–90 days	<u>3,434</u>	<u>367</u>

16. BANK AND OTHER BORROWINGS

	As at	
	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Bank borrowing – Secured (<i>Note (a)</i>)	<u>1,099,312</u>	<u>1,172,713</u>
Other borrowing – Secured (<i>Note (b)</i>)	<u>137,500</u>	<u>–</u>
	<u>1,236,812</u>	<u>1,172,713</u>

(a) Bank borrowing

- (i) The maturity profile of bank borrowing is as follows:

	As at	
	30 June 2024 <i>HK\$'000</i>	31 December 2023 <i>HK\$'000</i>
Over five years	<u>1,099,312</u>	<u>1,172,713</u>
Less: Amounts due for settlement within one year (shown under current liabilities)	<u>–</u>	<u>–</u>
Amounts due for settlement after one year	<u>1,099,312</u>	<u>1,172,713</u>

- (ii) During the year ended 31 December 2023, the Group obtained a term loan facility in principal amount of up to PHP25.0 billion (equivalent to approximately HK\$3.6 billion), subject to the satisfaction of certain conditions, for a term of 8 years from China Banking Corporation (the “**Loan Facility**”). The Loan Facility is guaranteed by Mr. Lo and bearing interest at a 5-year Bloomberg Valuation Services reference rate provided by Bloomberg LP plus an agreed interest premium factor, subject to repricing after 5 years since the initial drawdown. As at 30 June 2024, the Group has drawn PHP8.74 billion (equivalent to approximately HK\$1,214 million) (31 December 2023: PHP8.74 billion (equivalent to approximately HK\$1,214 million) from the Loan Facility.

The Loan Facility is secured by:

- all assets of Suntrust with a carrying amount of approximately HK\$5,819 million as at 30 June 2024 (31 December 2023: HK\$5,628 million) and material contracts entered into by Suntrust in relation to the construction of the Main Hotel Casino;
- certain shares of the subsidiary of the Company; and
- a first charge and an assignment over all present and future convertible bonds issued by Suntrust that subscribed by the Group.

As at 30 June 2024, none of the covenants relating to drawn down facilities have been breached.

(b) Other borrowing

- (i) The maturity profile of other borrowing is as follows:

	As at	
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Within one year	137,500	–
Less: Amounts due for settlement within one year	<u>(137,500)</u>	<u>–</u>
Amounts due for settlement after one year	<u>–</u>	<u>–</u>

- (ii) During the six months ended 30 June 2024, there was a new other borrowing of HK\$137,500,000 raised from five independent third party lenders. The new other borrowing, being a loan facility for a term of 6 months, is interest bearing at 12% per annum compounded monthly.

The facility is secured by certain shares of the unlisted subsidiaries of the Company and debentures incorporating a first fixed charge and a first floating charge over certain undertaking, property and assets of the Group and certain unlisted subsidiaries of the Company with a carrying value of approximately HK\$159 million as at 30 June 2024.

During the six months ended 30 June 2023, there was a new other borrowing of HK\$150,000,000 raised from an independent third party lender. The new other borrowing, being a loan facility for a term of 6 months, is secured by certain shares of a subsidiary of the Company and a debenture, with interest bearing at 24% per annum. The other borrowing of HK\$150,000,000 has been repaid in July 2023.

The facility is secured by certain shares of the subsidiaries of the Company and a debenture incorporating a first fixed charge and a first floating charge over certain undertaking, property and assets of the Group. The facility was repaid in July 2023, and the securities were released on 14 July 2023.

17. CONVERTIBLE BONDS/ DERIVATIVE FINANCIAL INSTRUMENTS

(a) Convertible bonds payable issued by Summit Ascent (“Summit Ascent CB”)

On 16 November 2020, a non-wholly owned subsidiary of the Company, Summit Ascent, issued convertible bonds denominated in United States dollars (“US\$”) for the acquisition of additional interests in its subsidiary from a non-controlling shareholder in an aggregate principal amount of US\$3,000,000 with an initial conversion price of HK\$3.50 (to be translated to US\$ at a fixed rate of HK\$7.75 to US\$1.00) per share with adjustments clauses, which will mature on the fifth anniversary of the respective issue dates. The Summit Ascent CB carries no interest.

The Summit Ascent CB contains two components, a debt component and a derivative financial instrument. The derivative financial instrument represented the conversion option given to the holders the right at any time to convert the Summit Ascent CB into ordinary shares of Summit Ascent (“**Summit Ascent Shares**”). However, since the conversion option would be settled other than by the exchange of a fixed amount of the Summit Ascent’s own equity instruments, the conversion option was accounted for as derivative financial instrument.

At initial recognition, the derivative financial instrument in the Summit Ascent CB is measured at fair value and is separately presented. Any excess of the fair values of the Summit Ascent CB over the amounts initially recognised as derivative financial instrument in Summit Ascent CB is recognised as debt component in the Summit Ascent CB.

At the end of the reporting period, the fair value of the derivative financial instrument in the Summit Ascent CB is remeasured and the gain or loss on remeasurement to the fair value is recognised in profit or loss.

The debt component in the Summit Ascent CB is subsequently carried at amortised cost with interest expenses calculated using the effective interest method recognised in profit or loss. The effective interest rate of the debt component in the Summit Ascent CB is 7.37% per annum.

When the Summit Ascent CB is converted, the Summit Ascent Shares to be issued are measured at fair value and any difference between the fair value of Summit Ascent Shares to be issued and the carrying amounts of the derivative financial instrument and debt component in the Summit Ascent CB is recognised in profit or loss.

The fair value of the derivative financial instrument of the Summit Ascent CB as at 30 June 2024 and 31 December 2023 had been determined by Valplus Consulting Limited, an independent and professionally qualified valuer not connected to the Group, based on the Binomial Option Pricing Model (the “**Binomial Model**”).

The significant inputs used for the calculation of fair value of the derivative financial instrument are as follows:

	30 June 2024	31 December 2023
Summit Ascent CB		
Share price of Summit Ascent	HK\$0.05	HK\$0.05
Conversion Price	HK\$3.5	HK\$3.5
Expected volatility (<i>Note (a)</i>)	43.01%	58.63%
Expected option life	1.38 Years	1.88 Years
Expected dividend yield (<i>Note (b)</i>)	Zero	Zero
Risk-free rate (<i>Note (c)</i>)	4.27%	4.30%

Notes:

- (a) The expected volatility was determined by using the historical volatility of Summit Ascent's share price over a period commensurate with the remaining term.
- (b) The expected dividend yield was estimated with reference to the historical dividend payment record and the expected dividend payment in the remaining term of Summit Ascent.
- (c) Risk-free rate is estimated with reference to the US Treasury Yield Curve of similar remaining tenure.

The movements of the debt component and derivative financial instrument of the Summit Ascent CB are shown as follows:

	Debt component <i>HK\$'000</i>	Derivative financial instrument <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2023 (Audited)	19,073	167	19,240
Credit to profit or loss	–	(15)	(15)
Imputed interest expense (<i>Note 7</i>)	694	–	694
Exchange difference recognised in profit or loss	96	–	96
At 30 June 2023 (Unaudited)	<u>19,863</u>	<u>152</u>	<u>20,015</u>

	Debt component HK\$'000	Derivative financial instrument HK\$'000	Total HK\$'000
At 1 January 2024 (Audited)	20,510	2,227	22,737
Credit to profit or loss	–	(835)	(835)
Imputed interest expense (<i>Note 7</i>)	746	–	746
Exchange difference recognised in profit or loss	<u>(3)</u>	<u>–</u>	<u>(3)</u>
At 30 June 2024 (Unaudited)	<u>21,253</u>	<u>1,392</u>	<u>22,645</u>

(b) Put option

On 28 October 2019, the Group has entered into an agreement with Westside City Resorts World Inc. (“**Westside**”) and Travellers International Hotel Group Inc. (“**Travellers**”), related companies of a non-controlling shareholder of Suntrust. Pursuant to the agreement, the Group is entitled, at its sole discretion, to exercise a put option (the “**Put Option**”) in relation to its equity interest in Suntrust with a consideration of approximately HK\$169,382,000 plus interest of 3.5% per annum to Westside and Travellers upon occurrence of events stated in the agreement.

The directors of the Company are of the opinion that the carrying value of the derivative financial instrument of the put option as at 30 June 2024 is not materially different from its fair value at 31 December 2023. The management assessed the fair value of the derivative financial instrument of the put option as at 31 December 2023 which is determined by Grant Sherman Appraisal Limited, an independent and professionally qualified valuer not connected to the Group, based on the Binomial Model. Accordingly, no valuation movement has been recognised in respect of the derivative financial instrument of the put option for the period.

The significant inputs used for the calculation of fair values of the derivative financial instrument of the Put Option are as follows:

	30 June 2024	31 December 2023
Put option		
Share price of Suntrust	PHP0.990	PHP0.850
Expected volatility (<i>Note (a)</i>)	53.22%	53.22%
Expected option life (<i>Note (b)</i>)	0.75Years	1.25Years
Expected dividend yield (<i>Note (c)</i>)	Zero	Zero
Risk-free rate (<i>Note (d)</i>)	5.07%	5.07%

Notes:

- (a) The expected volatility was determined by using the historical volatility of Suntrust's share price over a period commensurate with the remaining term.
- (b) The option period is assumed to be expiring in 2025 (31 December 2023: 2025), being the date of expected commencement of operation of the Main Hotel Casino. The expected option life used in the model is based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.
- (c) The expected dividend yield was estimated with reference to the historical dividend payment record and the expected dividend payment during the expected option life of Suntrust.
- (d) Risk-free rate is estimated based on the yield-to-maturity in continuous compounding of the Philippines peso swap rates with a similar remaining tenure.

The movements of the fair value of derivative financial instrument of the Put Option is shown as follows:

	<i>HK\$'000</i>
At 1 January 2023 (Audited)	3,232
Credit to profit or loss	593
Exchange difference	<u>32</u>
At 30 June 2023 (Unaudited)	<u><u>3,857</u></u>
At 1 January 2024 (Audited)	4,787
Exchange difference	<u>(310)</u>
At 30 June 2024 (Unaudited)	<u><u>4,477</u></u>

18. DISCONTINUED OPERATION

Disposal of a subsidiary during the year ended 31 December 2023

On 21 September 2023, the Group entered into a sale and purchase agreement (the “**Dongyang S&P Agreement**”) with an independent third party (the “**Dongyang Purchaser**”). Pursuant to the Dongyang S&P Agreement, the Company agreed to sell and the Dongyang Purchaser agreed to purchase the entire equity interest of Dongyang Xinguang, a wholly-owned subsidiary of the Company, at a total cash consideration of RMB20,000,000 (equivalent to approximately HK\$21,395,000) subject to the terms and conditions of the Dongyang S&P Agreement (the “**Dongyang Disposal**”). The Dongyang Disposal was completed on 18 October 2023.

Dongyang Xinguang is principally engaged in management and operation of malls in the PRC.

(i) **Results of the discontinued operation have been included in the condensed consolidated statement of profit or loss and other comprehensive income:**

The Dongyang Disposal was completed on 18 October 2023 and was reported in the condensed consolidated financial statements for the six months ended 30 June 2023 as discontinued operation. Financial information relating to the discontinued operation for the period is set below.

The financial performance and cash flow information presented reflect the discontinued operation for the six months ended 30 June 2023.

	For the six months ended 30 June 2023 HK\$'000
Revenue	8,944
Cost of sales	<u>(4,449)</u>
	4,495
Other income, gains and losses	178
Selling expenses	(652)
Administrative expenses	(4,529)
Other operating expenses	(674)
Finance costs	<u>(1,094)</u>
Loss before taxation	(2,276)
Income tax credit	<u>106</u>
Loss for the period from discontinued operation	<u>(2,170)</u>
Loss and total comprehensive expense for the period from discontinued operation	<u>(2,974)</u>

**For the
six months
ended 30 June
2023
HK\$'000**

Net cash flows used in operating activities	(289)
Net cash flows from investing activities	20
Net cash flows used in financing activities	–
Effect of foreign exchange rate changes	<u>(460)</u>

Net decrease in cash and cash equivalents	<u>(729)</u>
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Basic loss per share from discontinued operation attributable to shareholders of the Company (<i>HK cents</i>)	<u>(0.03)</u>
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Diluted loss per share from discontinued operation attributable to shareholders of the Company (<i>HK cents</i>)	<u>(0.03)</u>
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(ii) Loss for the period of the discontinued operation

Loss for the period from discontinued operation is stated after charging the following:

**For the
six months
ended 30 June
2023
HK\$'000**

Depreciation of property, operating right and equipment	<u>86</u>
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Depreciation of right-of-use assets	<u>2,399</u>
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	<u>2,485</u>
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Staff costs, excluding Directors	
– salaries and wages	3,989
– retirements benefits scheme contributions	<u>234</u>

Total staff costs, excluding Directors	<u>4,223</u>
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Short-term and variable lease payments	<u>38</u>
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Cost of sales	
– cost of services rendered	<u>4,449</u>

19. CONTINGENT LIABILITIES

On 30 June 2021, pursuant to the sale and purchase agreement in relation to the disposal of Access Achievement Limited (“**Access Achievement**”) and a deed of indemnity entered into by the Company, the purchaser (the “**Purchaser**”) and Access Achievement, the Company will indemnify the Purchaser against certain tax, litigation and contingent liabilities which, except for litigation liabilities, in aggregate cannot exceed the sum of (i) the consideration of the disposal of Access Achievement amounting to RMB155,290,000 (equivalent to approximately HK\$166,157,000) (31 December 2023: RMB155,290,000 (equivalent to approximately HK\$170,311,000)); and (ii) the principal amount of the loan owed by Shenzhen Zirui Real Estate Development Limited to Shenzhen Sky Alliance Property Company Limited amounting to RMB519,249,000 (equivalent to approximately HK\$555,584,000) (31 December 2023: RMB519,249,000 (equivalent to approximately HK\$569,477,000)), in the aggregate amount of RMB674,539,000 (equivalent to approximately HK\$721,741,000) (31 December 2023: RMB674,539,000 (equivalent to approximately HK\$739,788,000)). In this regard, approximately RMB20,481,000 (equivalent to approximately HK\$21,914,000) (31 December 2023: RMB20,481,000 (equivalent to approximately HK\$22,462,000)) was recorded as provision for indemnity included in “other payables” in the consolidated financial statements as at 30 June 2024 and 31 December 2023.

20. CAPITAL COMMITMENTS

The Group has the following material commitments in respect of property, operating right and equipment which are not provided for in the condensed consolidated financial statements as follows:

	As at	
	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Contracted but not provided for*	<u>2,054,309</u>	<u>2,219,656</u>

* The amount included approximately HK\$2,051,595,000 (31 December 2023: approximately HK\$2,219,264,000) in relation to the construction of the Main Hotel Casino.

21. EVENTS AFTER THE REPORTING PERIOD

- On 12 July 2024, (i) Suntrust and Empire Automation Philippines Inc. (“**Contractor (Empire Philippines)**”) entered into a memorandum of agreement (“**Supply Agreement I**”) pursuant to which Suntrust appointed the Contractor (Empire Philippines) as the contractor to undertake the supply and delivery of certain equipment (“**Equipment I**”) at the contract sum of US\$376,782.44 (equivalent to approximately HK\$2,938,900) under the Supply Agreement I; (ii) Suntrust and Empire Automation (Singapore) Pte. Ltd. (“**the Contractor (Empire Singapore)**”) entered into memorandum of agreement (“**Supply Agreement II**”) pursuant to which Suntrust appointed the Contractor (Empire Singapore) to undertake the supply and delivery of certain equipment (“**Equipment II**”) at the contract sum of US\$4,363,032.32 (equivalent to approximately HK\$34,031,700); and (iii) Suntrust and the Contractor (Empire Philippines) entered into installation works agreement (“**Installation Agreement**”) in respect of the installation of Equipment I and Equipment II pursuant to which Suntrust appointed the Contractor (Empire Philippines) as the contractor to undertake the installation works for the relevant project at the contract sum of US\$1,522,079.03 (equivalent to approximately HK\$11,872,200) under the Installation Agreement. Details of which are set out in the announcement of the Company dated 12 July 2024.

2. On 16 July 2024, (i) Suntrust and Systech Lighting & Controls Inc. (the “**Contractor**”) entered into a memorandum of agreement (the “**Supply Agreement**”) pursuant to which Suntrust appointed the Contractor as the contractor to undertake the supply and delivery of certain equipment at the contract sum of PHP144,731,206.80 (equivalent to approximately HK\$19,298,000) under the Supply Agreement; and (ii) Suntrust and the Contractor entered into a memorandum of agreement (the “**Systech Installation Agreement**”) pursuant to which Suntrust appointed the Contractor as the contractor to undertake the installation of certain equipment for the relevant at the contract sum of PHP11,768,793.20 (equivalent to approximately HK\$1,569,000) under the Systech Installation Agreement. Details of which are set out in the announcement of the Company dated 16 July 2024.
3. On 15 August 2024, Suntrust and the E.E. Black Ltd. (“**Contractor EE Black**”), a foreign company incorporated in Hawaii, U.S. and conducts business in the Philippines and an independent third party entered into (i) the Letter of Award in respect of the supply and delivery of commercial construction materials dated 15 August 2024 pursuant to which Suntrust appointed the Contractor (EE Black) as the contractor to undertake the supply and delivery of commercial construction materials for Casino and VIP Gaming (Front of House and 3 Food and Beverage’s GF to L1) of the Main Hotel Casino, at the contract sum of PHP719,405,733.11 (equivalent to approximately HK\$95,921,000) and (ii) the Letter of Award in respect of the installation of commercial construction materials dated 15 August 2024 pursuant to which Suntrust appointed the Contractor (EE Black) as the contractor to undertake the installation of commercial construction materials for Casino and VIP Gaming (Front of House and 3 Food and Beverage’s GF to L1) of the Main Hotel Casino, at the contract sum of PHP180,347,137.56 (equivalent to approximately HK\$24,046,000). Details of which are set out in the announcement of the Company dated 15 August 2024, 23 August 2024 and 20 September 2024 and the circular of the Company dated 25 September 2024.
4. On 15 August 2024, Suntrust and Multi Development and Construction Corporation (“**Contract (MDCC)**”), a company incorporated in the Philippines and an independent third party entered into the Fit Out Agreements Supplemental (MDCC) to revise and supplement the Fit Out Agreement (MDCC), at an aggregate amount of PHP430,993,341.57 (equivalent to approximately HK\$57,466,000) under the Fit Out Agreement Supplemental (SD-MDCC) and at the contract sum of PHP65,659,049.08 (equivalent to approximately HK\$8,755,000) under the Fit Out Agreement Supplemental (Installation-MDCC). Details of which are set out in the announcements of the Company dated 15 August 2024, 23 August 2024 and 20 September 2024 and the circular of the Company dated 25 September 2024.
5. On 9 September 2024, Suntrust and GMI Construction Corp. (“**Contractor (GMI)**”), a company incorporated in incorporated in the Philippines and an Independent Third Party entered into a memorandum pursuant to which Suntrust engaged the Contractor (GMI) to perform the supply and delivery of fit-out materials for the construction of Hotel Guest Rooms L5 – L10 of Tower 1 and 2 (North Tower and South Tower) and the L3 Lobby Check-in Lounge package of the Main Hotel Casino at a contract sum of US\$9 million (equivalent to HK\$70,200,000). Details of which are set out in the announcement of the Company dated 9 September 2024.
6. On 11 October 2024, Suntrust and IGT Asia Pte Ltd. (“**Contractor IGT**”), a company incorporated in Singapore and an indirect wholly-owned subsidiary of International Game Technology PLC, which is listed on the New York Stock Exchange under the trading symbol “IGT” and an independent third party enter into agreement pursuant which Suntrust will appoint the Contractor (IGT) as the contractor to undertake the supply and maintenance of equipment, software and services at the aggregate contract sum of US\$5,287,285 (equivalent to approximately HK\$41,241,000). Details of which are set out in the announcement of the Company dated 14 October 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group recorded a profit attributable to equity holders of the Company of HK\$58.9 million for the six months ended 30 June 2024 (“**1H 2024**”), significantly reduced from profit attributable to equity holders of the Company of HK\$584.7 million for the corresponding period in 2023. Consolidated Adjusted EBITDA from continuing operations was approximately positive HK\$9.7 million versus approximately positive HK\$19.0 million for the six months ended 30 June 2023 (“**1H 2023**”).

The profit attributable to equity holders of the Company for 1H 2024 was mainly attributable to (i) the reversal of share of loss of a joint venture of approximately HK\$234.3 million; and (ii) partially offset by the net exchange losses of approximately HK\$185.3 million.

In 1H 2024, Summit Ascent’s 77.5%-owned integrated resort located in the IEZ Primorye in the Russian Federation, Tigre de Cristal, contributed revenue from gaming and hotel operations of approximately HK\$189.9 million to the Group, with contribution of approximately HK\$220.9 million total gross gaming revenue (“**GGR**”) to the Group.

Group Key Financial Data

	1H 2024 HK\$’000	1H 2023 HK\$’000 (Restated)
Revenue:		
Operation of integrated resort in the Russian Federation		
– Tigre de Cristal:		
– Gaming operations	172,475	167,275
– Hotel operations	17,435	14,699
	189,910	181,974
Other segment:		
– Property development	–	–
Total revenue from continuing operations	189,910	181,974
Consolidated Adjusted EBITDA from continuing operations	9,686	18,977

The following is a reconciliation of profit for the period to Consolidated Adjusted EBITDA from continuing operations of the Group:

	1H 2024 HK\$'000	1H 2023 HK\$'000 (Restated)
Profit for the period	18,569	569,143
Add (deduct):		
Loss for the period from discontinued operation	–	2,170
Income tax expense	7,061	110
Change in fair value of derivative financial instruments	(835)	(608)
Loss (gain) on disposal of property, operating right and equipment	150	(319)
Reversal of impairment loss on equity loans to a joint venture	–	(138,055)
Reversal of impairment loss on loans to a joint venture	–	(207,472)
Reversal of impairment loss on amounts due from a joint venture	–	(67,631)
Gain on early repayment of loans to a joint venture	–	(98,591)
Reversal of share of loss of a joint venture	(234,299)	(124,136)
Finance costs	3,234	27,582
Interest income and imputed interest income on loans to a joint venture	–	(27,153)
Other operating expenses	–	374
Depreciation and amortisation	30,481	40,334
Net exchange losses	185,325	43,229
Consolidated Adjusted EBITDA from continuing operations	<u>9,686</u>	<u>18,977</u>

Revenue

Revenue from continuing operations in 1H 2024 was approximately HK\$189.9 million, increased by approximately HK\$7.9 million or 4.4% when compared to approximately HK\$182.0 million in 1H 2023. The increase was mainly attributable to the growth of revenue from Summit Ascent Group in 1H 2024.

- i) **Operation of integrated resort in the Philippines** – through an indirect 51% owned subsidiary of the Company, Suntrust, the Group is currently developing a 5-star hotel and casino complex at the Entertainment City, Manila, the Philippines (the “**Main Hotel Casino**” or the “**Westside City Project**”) of which Suntrust would be the sole and exclusive operator and manager to operate and manage the Main Hotel Casino upon commencement of operation of the Main Hotel Casino in Q4 2025 according to the development plan as of 30 June 2025. In 1H 2024, the construction of structural work and major façade systems up to roof level have been completed. The mechanical, electrical, and plumbing and fire protection systems in major plantrooms have been substantially completed and part of system has commenced testing and commissioning. Architectural builders and fit-out works, and external civil works are in progress. No revenue was recognised during the period.
- ii) **Operation of integrated resort in the Russian Federation** – Summit Ascent, the 69.66% owned subsidiary of the Company, contributed revenue from gaming and hotel operations in the IEZ Primorye in the Russian Federation through its approximately 77.5% owned subsidiary of approximately HK\$189.9 million to the Group during 1H 2024 (1H 2023: HK\$182.0 million).
- iii) **Property development** – The Group engaged in development and sales of properties and hotel premises in Japan, and had two property development projects located in Japan as at 30 June 2024. During 1H 2024, both projects were in development planning stage, hence no revenue was generated from this segment during the period.

Other income, gains and losses

The decrease in other income, gains and losses during 1H 2024 was mainly due to the net exchange losses recognised in 1H 2024 of approximately HK\$185.3 million (1H 2023: approximately HK\$43.2 million) which was primarily due to the translation of assets and liabilities which are denominated in foreign currencies during the period and there was no gain on early repayment of loans to a joint venture during the period (1H2023: approximately HK\$98.6 million).

Selling and distribution expenses

Selling and distribution expenses remained stable in 1H 2024, which comprised mainly salaries and benefits of sales and marketing staff, advertising and promotion expenses.

Administrative expenses

Administrative expenses, which comprised mainly salaries and benefits of employees, legal and professional fees, and depreciation and amortisation. Administrative expenses increased during 1H 2024 was mainly due to the increase in staff costs and operating costs of Suntrust Group.

Other operating expenses

The other operating expenses decreased in 1H 2024 as there were no significant legal and professional fees or tax incurred during 1H 2024, whereas certain legal and professional fees or tax arising from intercompany loan incurred in 1H 2023.

Change in fair value of derivative financial instruments

It mainly represented the change in fair value of Summit Ascent CB and/or put option. The fair value of Summit Ascent CB as at 30 June 2024 were assessed by independent professional valuers.

Reversal of share of loss of a joint venture

The amount represented the reversal of share of loss of the Group's joint venture, which is owned by Star Admiral (an indirect wholly-owned subsidiary of the Company). The principal asset of Star Admiral is approximately 34% indirect equity interest in the integrated resort development project located in Hoi An South, Quang Nam Province, Vietnam ("**Hoiana**"). Hoiana was opened for preview on 28 June 2020. As a tourist-dependent property, Hoiana was in loss making position during 1H 2024. During 1H 2024, the Group recorded reversal of share of loss of a joint venture of approximately HK\$234.3 million as compared to approximately HK\$124.1 million for the corresponding period in 2023, which represents a reversal of the share of loss of the joint venture recognised in previous years resulting from the repayment of equity loans to a joint venture. As the joint venture is still in a net liability position with accumulated losses, and the carrying amount of the interest in the joint venture is reported as zero as at 30 June 2024 and 31 December 2023 respectively, the Group has discontinued recognition of share of loss of the joint venture since 1H 2022.

Reversal of impairment losses on equity loans to a joint venture, loans to/amounts due from a joint venture

As at 31 December 2021, Star Admiral Limited ("**Star Admiral**"), an indirect wholly-owned subsidiary of the Company has made advances to Gold Yield Enterprises Limited ("**GYE**"), a 50% owned joint venture of the Group, in the aggregate amount of approximately US\$64,955,799 (equivalent to approximately HK\$507,086,000) ("**Advances A**"). Such Advances A have been provided by the Group to GYE to support the development of Hoiana. The Advances A have been provided on a pro-rata basis by reference to the percentage of shareholdings held by the Group in GYE which are interest-free, unsecured and no fixed repayment term.

In addition, Star Admiral has advanced loans in the aggregate principal amount of US\$34,045,000 (equivalent to approximately HK\$263,849,000 at the drawdown date) to GYE (“**Advances B**”). Advances B are interest bearing at 1.5% per annum, unsecured and repayable after 5 years from the first drawdown date of the facilities.

Furthermore, Star Admiral has advanced loan in the aggregate principal amount of US\$30,000,000 (equivalent to approximately HK\$232,500,000 at the drawdown date) to GYE (“**Advance C**”) in July 2020. Advance C is interest bearing at 14% per annum, unsecured and repayable after 12 months from the first drawdown date of the facility and the maturity date may be extended up to 28 February 2022. GYE has not repaid Advance C together with interest accrued thereon by the due date (i.e. 28 February 2022) and such amount became immediately payable. Advance C has not yet been repaid by 28 February 2022 and is interest bearing at 25% per annum with effect from 1 March 2022.

On 17 March 2023, certain outstanding amount of the Advances A, the whole outstanding amount of Advances B and C and interest accrued thereon in the aggregate amount of approximately US\$114.8 million (equivalent to approximately of HK\$895.4 million at the repayment date) has been repaid by GYE. Further details of the repayment were disclosed in the announcement of the Company dated 19 March 2023.

On 18 April 2024, all the remaining outstanding amount of the Advances A of approximately US\$31.2 million (equivalent to approximately of HK\$243.4 million at the repayment date) has been repaid by GYE. Further details of the repayment were disclosed in the announcement of the Company dated 18 April 2024.

During the 1H 2023, the management of the Group considered the credit quality of the equity loans to a joint venture improved and therefore the Group reversed the previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-month ECL.

During 1H 2023, the Group has recorded reversal of impairment losses on the equity loans to a joint venture, loans to a joint venture and amounts due from a joint venture of approximately HK\$138.1 million, HK\$207.5 million and HK\$67.6 million respectively.

Finance costs

Finance costs from continuing operations for 1H 2024 comprise mainly (i) interest on lease liabilities; (ii) interest on bank borrowing; and (iii) interest on loan from immediate holding company. The decrease in finance costs during 1H 2024 was mainly attributable to the decrease in interest on other borrowing.

Income tax expense

Income tax expense comprises current tax and the increase for 1H 2024 was mainly due to Russian withholding taxes on the dividend declared by the company incorporated in the Russian Federation to non-resident foreign corporations in the Russian Federation in 1H 2024.

SEGMENT ANALYSIS

In 1H 2024 and 1H 2023, revenue from gaming and hotel operations in the Russian Federation accounted for 100% of total revenue from continuing operations of the Group. No revenue was generated from property development segment in 1H 2024 and 1H 2023.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

Bank balances and cash as at 30 June 2024 amounted to approximately HK\$1,244.1 million (31 December 2023: HK\$1,210.9 million).

The Group had total bank borrowing for a term of 8 years of approximately HK\$1,099.3 million as at 30 June 2024 which were denominated in Philippines Peso (“**PHP**”) (31 December 2023: approximately HK\$1,172.7 million). The Group’s bank borrowing carried interest at fixed interest rate, which is interest bearing based on a 5-year Bloomberg Valuation Services reference rate plus an agreed interest premium factor, subject to repricing after 5 years since the initial drawdown.

The Group had other borrowing being a loan facility for a term of 6 months of HK\$137.5 million as at 30 June 2024 (31 December 2023: Nil) which was obtained by the Group during 1H 2024.

The Group’s other borrowing carried interest at fixed interest rate, which is interest bearing at 12% per annum and compounded monthly.

As at 30 June 2024, the Group had a loan from immediate holding company for a term of 5 years of US\$6.0 million (equivalent to approximately HK\$46.6 million) at fixed interest rate, which is unsecured, interest bearing at 5.5% per annum (31 December 2023: approximately HK\$46.9 million).

The Group had loans from non-controlling shareholders of a subsidiary of approximately HK\$15.57 million as at 30 June 2024 (31 December 2023: approximately HK\$14.67 million), which is unsecured, interest-free and will not be repaid unless there are sufficient free cash flows generated from the operations to make the repayment.

The Group had convertible bonds and derivative financial instruments liabilities of approximately HK\$21.3 million (31 December 2023: approximately HK\$20.5 million) and approximately HK\$1.4 million (31 December 2023: approximately HK\$2.2 million), respectively.

As at 30 June 2024, the Group had loan from a joint venture of US\$8.8 million (equivalent to approximately HK\$68.8 million) (31 December 2023: Nil), which is unsecured, non-interest bearing and repayable on demand.

The gearing ratio, expressed as a percentage of total bank and other borrowings, loan from immediate holding company, loans from non-controlling shareholders of a subsidiary, loan from a joint venture, convertible bonds and derivative financial instruments liabilities divided by consolidated total equity of the Group as at 30 June 2024 is approximately 31.0% (31 December 2023: 27.5%).

As at 30 June 2024, the Group had current assets of approximately HK\$1,580.4 million (31 December 2023: approximately HK\$1,501.9 million) and current liabilities of approximately HK\$571.5 million (31 December 2023: approximately HK\$257.7 million).

As at 30 June 2024, the aggregate perpetual securities facilities with principal amount of up to HK\$6,000.0 million (31 December 2023: HK\$6,000.0 million) have been granted by the immediate holding company to the Group, of which approximately HK\$5,408.0 million (31 December 2023: HK\$5,408.0 million) have been issued. During the year ended 31 December 2023, the perpetual securities with outstanding principal amount of HK\$12.0 million have been redeemed. As at 30 June 2024, the outstanding principal amount of perpetual securities was HK\$5,396.0 million (31 December 2023: HK\$5,396.0 million).

CHARGE ON ASSETS

As at 30 June 2024, bank borrowing of approximately HK\$1,099.3 million (31 December 2023: approximately HK\$1,172.7 million) was secured by (1) all assets of Suntrust with a carrying amount of approximately HK\$5,819 million (31 December 2023: approximately HK\$5,628 million) and material contracts entered into by Suntrust in relation to the construction of the Main Hotel Casino; (2) certain shares of the subsidiary of the Company; and (3) a first charge and an assignment over all present and future convertible bonds issued by Suntrust that subscribed by the Group.

As at 30 June 2024, an other borrowing of HK\$137.5 million was secured by certain shares of subsidiaries of the Company and debentures incorporating a first fixed charge and a first floating charge over certain undertaking, property and assets of the Group and certain subsidiaries of the Company with a carrying value of approximately HK\$159 million as at 30 June 2024.

As at 30 June 2023, an other borrowing of HK\$150.0 million was secured by certain shares of a subsidiary of the Company and a debenture incorporating a first fixed charge and a first floating charge over certain undertaking, property and assets of the Group with carrying value of approximately HK\$6,564.4 million. The other borrowing of HK\$150.0 million has been repaid in July 2023.

As at 30 June 2024 and 31 December 2023, the indirect equity interest of approximately 34% in Hoi An South Development Limited (“**HASD**”) was pledged to a bank for the banking facilities granted to HASD.

As at 30 June 2024 and 31 December 2023, the indirect equity interest of approximately 68% in Hoi An South investment Pte. Limited, the immediate holding company of HASD, was pledged to certain independent lenders for loans granted to GYE, and the approximately 66% equity interest of HASD were pledged to certain lenders for loans granted to HASD.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The functional currency of the Company and the presentation currency of condensed consolidated financial statements of the Company are in HK\$. The income and expenses, assets and liabilities, interest in a joint venture of the Company and its subsidiaries which denominated in currencies other than the functional currency are converted into HK\$ for financial reporting purpose. Fluctuations in exchange rates may have an impact on the Group's financial position and results. The Group monitors the exposure to fluctuations in exchange rates and takes appropriate measures to mitigate and manage the risk on a timely and effective manner. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its statement of financial position exposure to fluctuations in exchange rates as at 30 June 2024.

In respect of Summit Ascent, the significant fluctuation in the exchange rate of RUB would lead to a significant fluctuation in the Group's asset values denominated in RUB when the condensed consolidated financial statements of the Group are presented in HK\$.

CONTINGENT LIABILITIES

For details of contingent liabilities, please refer to Note 19 of this announcement.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

1. On 15 January 2024, Oriental Regent Limited ("**ORL**"), an indirect non-wholly owned subsidiary of the Company, as seller, entered into a binding agreement with to an independent third party buyer (the "**Buyer**") incorporated in the Russian Federation for the sale and purchase of the entire equity interest G1 Entertainment Limited Liability Company ("**G1 Entertainment**") at a consideration of US\$116 million (subject to adjustment). This sale and purchase agreement was terminated on 19 February 2024. Details of which are set out in the announcements of the Company dated 17 January 2024 and 22 February 2024.

2. On 14 May 2024, Suntrust and China Communications Services Philippines Corporation (“**Contractor (CCSPC)**”), a company incorporated in the Philippines and an independent third party entered into (i) the Letter of Award in respect of the Design, Supply, and Delivery of Structured Cabling System dated 14 May 2024 (the “**DSD Agreement**”) pursuant to which Suntrust appointed Contractor (CCSPC) as the contractor to undertake the design, supply and delivery of structured cabling system set out in DSD Agreement of the Main Hotel Casino, at the contract sum of PHP332,264,950.12 (equivalent to approximately HK\$45,516,000) and (ii) the Letter of Award in respect of the installation of Structured Cabling System dated 14 May 2024 (the “**Installation Agreement**”) issued by Suntrust to Contractor (CCSPC) and accepted and confirmed by Contractor (CCSPC) in relation to the installation of structured cabling system set out in the Installation Agreement of the Main Hotel Casino, at the contract sum of PHP135,382,787 (equivalent to approximately HK\$18,546,000). Details of which are set out in the announcements of the Company dated 14 May 2024 and 17 May 2024.
3. On 16 May 2024, Suntrust and Gomeco Metal Corporation (“**Gomeco**”), a company incorporated in the Philippines and an independent third party, entered into (i) the supply agreements pursuant to which Suntrust appointed Gomeco as the contractor to undertake the supply works for the Main Hotel Casino at the aggregate contract sum of PHP10,294,582 (equivalent to approximately HK\$26,068,000) and (ii) the installation agreements pursuant to which Suntrust appointed Gomeco as the contractor to undertake the installation works for the Main Hotel Casino at the aggregate contract sum of PHP6,689,080 (equivalent to approximately HK\$917,000). Details of which are set out in the announcement of the Company dated 16 May 2024.

Save for the transactions listed above, the Group had no other significant investments, material acquisitions and disposals of subsidiaries during 1H 2024.

TREASURY POLICIES AND CAPITAL STRUCTURE

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

EMPLOYEES

As at 30 June 2024, the Group had a staff force of approximately 1,097 (31 December 2023: 1,098) employees, of this, most were situated in the Russian Federation and the Philippines. The remuneration of employees was in line with the market trend and commensurable to the level of pay in the industry. Remuneration of the Group's employees includes basic salaries, bonuses and long-term incentives (such as share option scheme). Total staff costs, including directors, incurred for 1H 2024 was approximately HK\$107.8 million (six months ended 30 June 2023: HK\$97.2 million).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for 1H 2024 (six months ended 30 June 2023: Nil).

EVENTS AFTER THE REPORTING PERIOD

For details of events after the reporting period, please refer to Note 21 of this announcement.

BUSINESS REVIEW

During 1H 2024, the Group engages in the following continuing operations: (i) through Suntrust Group, the development and operation of the Main Hotel Casino in the Philippines; (ii) through Summit Ascent Group, the operation of the hotel and gaming business in the IEZ Primorye in the Russian Federation; and (iii) property development in Japan.

Development, operation and investment in integrated resorts, hotels and gaming business

(i) Westside City Project at Entertainment City

On 28 October 2019, 51% owned subsidiary of the Company, Suntrust entered into a co-development agreement (the “**Co-Development Agreement**”) with Westside City Resorts World Inc. (“**Westside**”). Under the Co-Development Agreement, the Suntrust shall finance the development and construction of a five-star hotel and casino establishment (i.e., the Main Hotel Casino) over certain parcels of land located at the Manila Bayshore Integrated City (also known as the Entertainment City) in Parañaque City (the “**Project Site**”) and shall be appointed as the sole and exclusive operator and manager to operate and manage the Main Hotel Casino.

Under the Co-Development Agreement, Suntrust has entered into a Lease Agreement over the Project Site (the “**Lease Agreement**”) with Westside and Travellers International Hotel Group, Inc. (“**Travellers**”) on 21 February 2020 and an Operation and Management Agreement (the “**O&M Agreement**”) with Westside on 4 May 2020 for the operation and management of the Main Hotel Casino.

Under the latest development plan, the Main Hotel Casino will have i) over 300 gaming tables and over 1,300 electronic gaming machines for both the mass and VIP markets; ii) over 450 five-star luxury hotel rooms and suites; iii) a mall composed of food and beverages and retail units; and iv) a parking facility with over 1,000 slots.

On 8 June 2023, Suntrust proposed to obtain a term loan in principal amount of up to PHP25.0 billion (equivalent to approximately HK\$3.6 billion) (the “**Suntrust Bank Loan**”) from China Banking Corporation (the “**Lender**”) to fund its Main Hotel Casino in the Philippines by entering into an omnibus loan and security agreement dated 8 June 2023 as amended by an amendment agreement dated 26 July 2023 (collectively the “**Suntrust Bank Loan Agreements**”) with Suntrust as borrower, Mr. Lo Kai Bong (“**Mr. Lo**”) (a controlling shareholder of the Company) as surety, Fortune Noble and SA Investments, both being members of the Group, as security providers to provide surety and securities, respectively, to the Lender as securities for all amounts due and owing to and all expenses as may be incurred by the Lender, its facility agent, security trustee and share custodian pursuant to the terms of the Suntrust Bank Loan Agreements and the security documents provided as security therefor. As at 30 June 2024, Suntrust had drawn PHP8.74 billion from the Suntrust Bank Loan facility after completion of certain project milestones required under the Suntrust Bank Loan Agreements.

As at 30 June 2024, the construction of structural works and major facade systems up to roof level has been completed. The mechanical, electrical, and plumbing and fire protection systems in major plantrooms have been substantially completed and part of the system has commenced testing and commissioning. Architectural builders and fitout works, external civil are in progress. Up to 30 June 2024, approximately US\$543.2 million (equivalent to approximately HK\$4,242.4 million) has been paid for the development of the Main Hotel Casino project by Suntrust. Suntrust is also starting the employee recruitment process for the Main Hotel Casino’s operations team. Based on the development as of 30 June 2024, the Main Hotel Casino is expected to commence operation in the fourth quarter 2025. During 1H 2024, Suntrust had recorded a loss because of its pre-operating activities under the development phase.

(ii) Tigre de Cristal

Summit Ascent held approximately 77.5% of the controlling interest in an integrated resort named “Tigre de Cristal” in the IEZ Primorye in the Russian Federation. Tigre de Cristal recorded a positive Adjusted EBITDA of approximately HK\$65 million in the 1H 2024, versus a positive Adjusted EBITDA of approximately HK\$57 million in the 1H 2023.

Gaming operations

Net gaming revenue of Tigre de Cristal, which consists of three main sources namely the rolling chip business, mass table business and electronic gaming business, was approximately HK\$173 million during 1H 2024, increased by approximately HK\$6 million or 3.6% year-on-year comparing to 1H 2023.

The rolling chip business of Tigre de Cristal primarily targets foreign players. There was no revenue generated from the rolling chip business in the second quarter of 2024.

Mass table drop (measured as the sum of gaming chips purchased or exchanged at the cages) increased by 39% to approximately HK\$536 million in the 1H 2024, compared to approximately HK\$385 million in the 1H 2023. Net win from mass table business increased by 27% to approximately HK\$98 million in the 1H 2024, compared to approximately HK\$77 million in the 1H 2023. Net win rate percentage (represented net win as a percent of mass table drop) decreased from 20.0% in the 1H 2023 to 18.3% in the 1H 2024.

Electronic gaming volume (measured as the total value of electronic gaming credits wagered by players) was approximately HK\$2,361 million in the 1H 2024, decreased slightly by 2% compared to approximately HK\$2,418 million in the 1H 2023. The electronic gaming business recorded net win of approximately HK\$74 million, decreased by 18%% compared to approximately HK\$90 million in the 1H 2023. The net win rate percentage decreased to 3.1% in the 1H 2024 from 3.7% in the 1H 2023.

Hotel Operations

Revenue from hotel operations, as a result of an improvement in the domestic demand, increased to approximately HK\$17.4 million in the 1H 2024 or by 19% compared to the 1H 2023. Average hotel occupancy rates increased to approximately 78% (six months ended 30 June 2023: 63%) during weekends and approximately 43% (six months ended 30 June 2023: 30%) during weekdays in the 1H 2024.

Key Financial Data of Tigre de Cristal

	For the six months ended	
	30 June	
	2024	2023
	<i>HK\$ million</i>	<i>HK\$ million</i>
Revenue:		
Net Gaming	173	167
Hotel/F&B/Others	<u>17</u>	<u>15</u>
Total Net Revenue	<u>190</u>	<u>182</u>
Adjusted EBITDA	<u>65</u>	<u>57</u>
Adjusted EBITDA margin	34%	31%

Gaming Statistics

	Q1 2024	Q2 2024	1H 2024	1H 2023
<i>(In HK\$ million)</i>				
Total GGR ⁽ⁱ⁾	<u>108</u>	<u>113</u>	<u>221</u>	<u>197</u>
Rolling Chip Volume	–	–	–	7
Gross Loss Rate %	N/A	N/A	N/A	(2.3)%
Gross Loss	–	–	–	(0.2)
Mass Table Drop	242	294	536	385
Net Win Rate %	19.8%	17.0%	18.3%	20.0%
Net Win	48	50	98	77
Electronic Gaming Volume	1,159	1,202	2,361	2,418
Net Win Rate %	3.3%	3.0%	3.1%	3.7%
Net Win	38	36	74	90

- (i) GGR represents the amount of money players wagered minus the winning payouts to them, before commissions rebated, discounted or complimentary products and services provided and redeemable points earned under the loyalty programs.

(iii) Hoiana

As at 30 June 2024, the Group held approximately 34% indirect equity interest in Hoiana through the investment in a joint venture. The Certificate for the Eligibility for Casino Business in relation to the casino operation of Hoiana in Vietnam was granted in May 2020, and commenced operation since 28 June 2020. Hoiana features an integrated resort with a casino that holds gaming tables, electronic gaming machines, Asian delights and other international cuisine with more than 1,000 hotel rooms and an eighteen-hole golf course. Due to the recovery of the Asian tourism industry in 1H 2024, the arrivals of international visitors to Vietnam have been significant increased in 1H 2024 compared to the corresponding period in 2023. Since then, the visitation to Hoiana and the operations of Hoiana have steadily improved in 1H 2024.

In 1H 2024, Hoiana's total net revenue was approximately US\$51.7 million, increased by 8.8% compared to approximately US\$47.5 million in the 1H 2023.

Hoiana recorded a negative Adjusted EBITDA of approximately US\$5.6 million in the 1H 2024, versus a positive EBITDA of approximately US\$10.1 million in the 1H 2023.

Key Financial Data of Hoiana

	For the six months ended 30 June 2024 US\$'000	For the six months ended 30 June 2023 US\$'000
Revenue:		
Net Gaming	32,355	29,321
Hotel/F&B/Others	<u>19,341</u>	<u>18,166</u>
Total Net Revenue	<u>51,696</u>	<u>47,487</u>
Adjusted EBITDA	<u>(5,583)</u>	<u>10,129</u>
Adjusted EBITDA margin	N/A	21%

Gaming Statistics

	1H 2024	1H 2023
<i>(In US\$'000)</i>		
Total GGR ⁽ⁱ⁾	<u>100,243</u>	<u>113,790</u>
Rolling Chip Volume	2,004,400	2,623,589
Gross Win Rate %	3.82%	3.8%
Gross Win	76,602	99,716
Mass Table Drop	61,927	42,220
Gross Win Rate %	21.5%	17.0%
Gross Win	13,315	7,181
Electronic Gaming Volume	186,383	119,407
Gross Win Rate %	5.54%	5.8%
Gross Win	10,326	6,893

- (i) GGR represents the amount of money players wagered minus the winning payouts to them, before commissions rebated, discounted or complimentary products and services provided and redeemable points earned under the loyalty programs.

Property development

As at 30 June 2024, the Group had two property development projects in Japan.

Property development in Japan

- (a) As at 30 June 2024, the Group through Summit Ascent indirectly owned 100% of the issued share capital of MSRD, which held a plot of land with a total site area of 108,799 m² located on Miyako Island, Okinawa, Japan. Subject to the final development plan to be approved by the Group, MSRD intends to build 40 villas and a hotel tower of more than 100 rooms on the land.
- (b) As at 30 June 2024, the Group owned 100% interest in a plot of land parcels with a total site area of 220,194 m² located at Niseko, Hokkaido, Japan. Subject to the final development plan to be approved by the Group, the Group intends to build over 50 villas and 20 townhouses and a hotel with over 40 rooms on the land. .

MARKET OVERVIEW

The Philippines

The Real GDP growth of the Philippines is estimated to grow at 5.7%¹ in 2024 to a total of US\$461 billion² by the International Monetary Fund. The overall gaming industry in Philippines continued to benefit from the steady growth from local and international demand. According to the Philippine Amusement and Gaming Corporation (PAGCOR), the total industry Gross Gaming Revenue (GGR) in the country grew by 25.4% year-on-year in the first half of 2024 to PHP170.9 billion (US\$3.0 billion)³. In particular, Entertainment City casinos accounted for 80 % of the Total Licensed Casino GGR in the first half of 2024⁴. Between January to June 2024, over 2.81 million⁵ foreign visitors visited the Philippines, with South Koreans, Americans and Japanese ranked as the top three groups of international tourists arriving the Philippines. The country's tourism inbound tourism receipts climbed to PHP282.2 billion⁶ during 1H 2024, an increase of 32.8% compared to the tourism revenue generated from the same period in 2023.

Russia

The Real GDP growth of the Russia is estimated to grow at 4.1%⁷ year-on-year on 2024 according to the International Monetary Fund. Long-term impacts of the Western sanctions resulting from the Russia-Ukraine conflict remained a concern for the country's economy. Meanwhile, the local tourism industry was experiencing a recovery but foreign visitors still representing a low level in 1H 2024.

Vietnam

Vietnam's economy grew by 6.4%⁸ in 1H 2024. The country's tourism industry also continued to recover in visitation figures. International visitors to Vietnam in 1H 2024 reached 8.8 million⁹ arrivals, an increase of 58% compared to the same period in 2023. Over 90% of foreign tourists are from Asia while the rest are from Europe and the Americas⁹.

Development Update

Westside City Project, Philippines

As at 30 June 2024, the construction of structural works and major facade systems up to roof level have been completed. The mechanical, electrical, and plumbing and fire protection systems in major plantrooms have been substantially completed and part of the system has commenced testing and commissioning. Architectural builders and fit-out works, external civil are in progress. The focus of the construction team is to continue building upward. Based on the development plan as of 30 June 2024, soft opening is targeted towards the end of 2025, with the grand opening aimed at 2026.

When all phases of Westside City Project are ready, it will consist of:

- Approximately 300 tables
- Over 1,300 electronic gaming machines
- Over 450 five-star hotel rooms including state-of-the-art party rooms and suites
- All sorts of amenities that fit our LET theme of Leisure, Entertainment and Taste, including the privileged LET Club, Cigar and Wine bars, night clubs, Wellness Spa, and a Director's Club
- Approximately 1,000 car park spaces

¹ International Monetary Fund

² International Monetary Fund

³ PAGCOR

⁴ PAGCOR

⁵ Department for Tourism, the Philippines

⁶ Department for Tourism, the Philippines

⁷ International Monetary Fund

⁸ Vietnam Briefing

⁹ Vietnam National Authority of Tourism

Westside City Project will be integrated with the shopping malls, theatres, restaurants, and shopping streets, etc. to be built by our local partner Westside/Travellers. They will also build additional hotel rooms, a shopping mall, a Grand Opera House, restaurants, a theatre district and an additional of approximately 2,000 car park spaces.

Hoiana, Vietnam

In Hoiana, Hoiana Phase I including Hoiana Shores Golf Club, the casino, Hoiana Hotel & Suites and New World Hoiana Hotel are now operational.

Hoiana Phase II and beyond are planning in progress as land plots are now being prepared for development.

Tigre de Cristal, Russia

Due to the unpredictable and volatile geopolitical tensions, we are now taking a conservative approach to investing in Russia.

Outlook

Asia remains a fast growing market, based on International Monetary Fund's estimate, the GDP growth of emerging and developing countries in Asia will reach 5.2% in 2024, despite the challenges posed by global economic uncertainties and geopolitical tensions may have an impact on the future growth of global economy. In 1H 2024, the Asia tourism market continued to recover from the effects of the COVID-19 pandemic, countries in Asia and especially in South East Asia countries recorded significant growth in tourist visitation figures in 1H 2024. With our expertise in gaming operations, we believe that there is still considerable potential to invest and develop integrated resorts in Asia market.

In terms of our integrated resort portfolio perspective, our investment in Westside City Project in the Philippines offers the greatest potential for significant returns compared to Hoiana and Tigre de Cristal in the future. Westside City Project, set to launch at the end of 2025, will be the crowning jewel in the already impressive collection of integrated resorts in the Entertainment City in Manila, the Philippines. The government's confirmation that there will be no more gaming licenses in Entertainment City further reinforces our position as one the most prominent and latest integrated resort, incorporating state-of-the-art technology in the region. The Philippine government's ongoing regulatory reforms and supportive policies implementations, it is expected that the growth momentum of the economy and tourism industries of Philippine will be sustained.

The Manila gaming market has tremendous growth potential, with an estimated compound annual growth rate (CAGR) of over 10% in coming years, the highest growth rate in the entire Asian region. Entertainment City in Manila stands head and shoulders above other gaming destinations in Asia in terms of growth, boasting an impressive integrated resort cluster-effect that connects the area to the Manila Ninoy International Airport. Westside City Project also has a strategic location advantage, with connectivity to the existing Ayala Mall, and the conjoined access to Megaworld's largest hotel complex in the country, Westside City Project is seamlessly blending into the heart of Manila's growing resort metropolis.

Our exclusive agreement with Alliance Global Group Companies, a Philippine leader in the corporate world, adds to the allure of the best minds in the Philippines working together to build the next integrated resort. With the planning of disposal of non-core assets, the Group is now fully focused on developing integrated resorts in a location with the highest and best returns.

Together with our flagship Westside City Project in the Philippines, Hoiana in Vietnam, and Tigre de Cristal in Russia, the Group is well-positioned to capture the growth of tourism in Asia.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During 1H 2024, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the Company's listed securities (including sale of treasury shares (the "**Treasury Shares**") within the meaning under the Listing Rules). As at 30 June 2024, the Company did not hold any Treasury Shares.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high standard of corporate governance standards and procedures to safeguard the interests of all shareholders and to enhance accountability and transparency. The Company has complied the code provisions ("**CG Code**") set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") during the six months ended 30 June 2024 except the following deviations:

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing. Following the resignation of the former Chief Executive Officer, the Company has not appointed an individual to take up the vacancy of the Chief Executive Officer, and the roles and functions of the Chief Executive Officer have been performed by the executive Director.

Under code provision C.3.3 of the CG Code, the Company should have formal letters of appointment for Directors setting out the key terms and conditions of their appointment. The Company did not have formal letter of appointment for Mr. Lo as executive Director of the Company. However, Mr. Lo is subject to retirement by rotation at least once in every three years in accordance with the Company's articles of association.

AUDIT COMMITTEE

The Company has established an audit committee ("**Audit Committee**") with written terms of reference to set out its authority and duties. The Audit Committee comprises three independent non-executive Directors. The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the six months ended 30 June 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions of Directors and employees (the "**Securities Code**") on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules. On specific enquiries made, all Directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2024.

Employees who are likely to be in possession of unpublished price sensitive information of the Company are also subject to compliance with the Securities Code.

APPROVAL OF INTERIM REPORT

The unaudited condensed consolidated financial statements in the interim report have been reviewed by the Audit Committee, and the interim report was approved and authorised for issue by the Board on 10 July 2025.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been halted with effect from 9:00 a.m. on 11 January 2024 and the Securities and Futures Commission has directed the Stock Exchange to suspend all dealings in the Shares under Section 8(1) of the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) with effect from 9:00 a.m. on 14 February 2024 and will remain suspended until the Company has (i) met all Resumption Guidance (as defined in the Company's announcement dated 8 April 2024 and subsequently revised in the Company's announcements dated 17 May 2024 and 10 February 2025), (ii) remedied the issues causing its trading suspension, and (iii) fully complied with the Listing Rules to the satisfaction of the Stock Exchange.

By order of the Board
LET Group Holdings Limited
Lo Kai Bong
Chairman

Hong Kong, 10 July 2025

As at the date of this announcement, the executive Directors are Mr. Lo Kai Bong (Chairman) and Mr. Lam Hung Tuan and the independent non-executive Directors are Mr. Tou Kin Chuen, Mr. Lo Wai Tung John and Ms. Chan Suet Ngan.